

THE GLOBAL NEWSPAPER
 Edited in Paris
 Printed Simultaneously in
 Paris, London, Zurich,
 Hong Kong and Singapore

Herald INTERNATIONAL Tribune

Published With The New York Times and The Washington Post

No. 31,178

PARIS, THURSDAY, MAY 19, 1983

ESTABLISHED 1887

'84 Austerity Budget Draft Approved by Bonn Cabinet

BONN — The West German cabinet approved Wednesday an austerity budget draft that would cut into social welfare benefits and the pay of public sector workers in an attempt to save the government 6.5 billion Deutsche marks (\$2.6 billion) in 1984.

The budget draft included reduced benefits for the unemployed and expectant mothers and a pay freeze for employees in the public sector until April 1, 1985.

The proposal was immediately attacked by trade union leaders and the opposition Social Democrats.

There was particular resentment that the proposed reductions came at a time when the government plans to give almost 4 billion marks in tax relief and investment incentives to business.

This is to be financed out of the extra 1 percent value-added tax that consumers will have to pay from July 1, when it rises to 14 percent from 13 percent.

A final budget draft is expected to receive cabinet approval by the end of June, before it is submitted in September to the Bundestag, West Germany's lower house of parliament.

Gerhard Stoltenberg, finance minister in the center-right coalition government of Chancellor Helmut Kohl, said he expected the budget to keep the government's borrowing requirements next year to 39 billion marks.

This year's shortfall is forecast to

Cuts Planned In Benefits For Jobless

be about 41 billion marks, compared with the 44 billion marks envisaged by the center-left government of Chancellor Helmut Schmidt, which was defeated in September.

Mr. Stoltenberg said at a news conference that he expected further cuts in government borrowing, to about 25 billion marks a year by 1987.

He blamed the Social Democrats for creating huge deficits when they were in government that, he said, made Wednesday's steps necessary.

The public sector unions, struggling for a new wage package for this year, denounced the budget proposal as "an unworkable burden."

The Social Democratic Party said the measures would increase unemployment and reduce workers' incomes.

"They leave the economy to the mercies of the free market and human beings to their fate," the party said.

The budget proposal would cut the benefits for unemployed people without children to 63 percent of their last net wage, from 68 percent.

Longer-term unemployment pay for the same categories would be reduced to 56 percent of the last net income from 59 percent.

Maternity leave for working women would be reduced to three months from four.

Mr. Stoltenberg said the measures would result in savings at provincial, state and community levels and would save 5 billion marks in the state-run railways.

■ **Squatters Protest in Bundestag**

About 30 young squatters from West Berlin camped through the Bundestag on Wednesday, throwing paint bombs and paper airplanes, shouting slogans and struggling with security guards.

United Press International reported from Bonn.

The 30 arrived with a group of about 500 teen-agers invited to ask questions before a special session of the Bundestag.

They unfolded banners and chanted slogans of "No more war" and "No more fascism!"

The protesters ran to the podium of the speaker of the chamber and threw small paint bombs across the room where 500 members were sitting.

They pushed and struggled, splashing a glass door as Bundestag guards headed them out.

The leftist Greens party protested the election of the teen-agers, saying they belonged to a group of West Berlin squatters invited by the Greens to attend the special session. Squatters occupy about 85 houses in West Berlin.



Security officers in Bonn, left, struggled Wednesday with young squatters who tried to hang banners in parliament. The protesters threw paint bombs and charged the podium.

Syria Says Habib Is Not Welcome For New Talks On Withdrawal

DAMASCUS — Syria will not receive Philip C. Habib, the U.S. special envoy in the Middle East, officials said Wednesday. Meanwhile, the media denounced President Ronald Reagan's comments on Syria's rejection of the agreement on the withdrawal of Israeli troops from Lebanon.

"It has been decided not to receive Habib in Syria because we have nothing to discuss with him and because he is one of the most hostile American diplomats to the Arabs and their causes," the Syrian news agency SANA quoted an official as saying.

Also on Wednesday, routes between Lebanon and Syria were reopened a day after they had been closed in an apparent protest of the signing Tuesday of the Israeli-Lebanese troop withdrawal agreement. Lebanese security sources said traffic was flowing normally through Syrian lines in the central Lebanese mountains and the Bekaa Valley of eastern Lebanon.

Later Wednesday, Mr. Habib arrived in Beirut for talks with Lebanese leaders on how to carry out the agreement with Israel.

Although there had been no announcement that Mr. Habib was planning a trip to Syria, diplomatic sources said he wanted to go to Damascus to discuss Syrian objections to the plan. Israel has said its troops will remain in Lebanon until Syrian and Palestine Liberation Organization forces withdraw.

Referring to Mr. Reagan's statements at a news conference Tuesday night, Syrian radio said he had spoken of Syria "as though he was speaking of the Nevada desert or California" and "as though he possesses the right of decision-making in Syria or can dictate his will on it."

"Syria will not submit to any pressures or threats, even if U.S. rulers use Israel in a full-scale aggression," the radio said.

Mr. Reagan said that despite Damascus's harsh stand against the agreement, it had said it would withdraw its forces at Lebanon's request. He added that he thought the Syrians would "stick with their word."

Syrian radio replied that it had made no such undertaking in a case where Israel "is making gains from its invasion and annexing one third of Lebanon for Israeli security," including areas close to the Syrian border.

Syrian officials have said the accord undermines Lebanese sovereignty and Syrian security and does not meet Damascus's conditions for withdrawing its forces.

They have been particularly critical of a provision in the agreement that calls for a security zone in southern Lebanon that would be patrolled by joint Lebanese-Israeli forces.

The radio said Syria would not change its position until the agreement was dropped. "What is between Syria and Lebanon is a bilateral affair," it said.

Syria has made no secret of its dislike of Mr. Habib, who has been the subject of a number of attacks in the media.

But diplomats said the snub did not necessarily rule out further withdrawal talks. They said officials may simply have been signaling a desire for further talks with the Syrians as soon as possible.

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Reagan Vows to Veto Any Bill Raising Tax

By Lou Cannon and David Hoffman

Washington Post Service

WASHINGTON — President Ronald Reagan, breaking with congressional efforts to forge a compromise on the budget, has vowed to veto any tax increase during the next two fiscal years and any spending bills "that would rekindle the fires of inflation and high interest rates."

Continuing on a confrontational course with Congress that could carry over into the 1984 election campaign, the president said Tuesday in a statement opening a formal news conference that "the American people didn't send us to Washington to continue raising their taxes, spending more on wasteful programs or weakening our defense."

"It is time to draw the line and stand up for the American people. I will not support a budget resolution that raises taxes while we are coming out of a recession. I will veto any tax bill that would do this."

Congressional Democrats earlier had accused Mr. Reagan of distorting the truth in blaming Congress for high budget deficits. The House majority leader, James C. Wright Jr., a Democrat of Texas, called Mr. Reagan "the biggest selfish artist ever to serve in the White House."

Mr. Reagan appeared relaxed and confident as he answered 24 questions on a wide range of subjects during a 34-minute nationally televised news conference in the East Room. In contrast to his performance during a May 4 interview in the Oval Office, when he frequently seemed to be groping for

answers, Mr. Reagan generally appeared to be in command of his subjects.

Many of his answers Tuesday were crisp, one-liners, some released in what officials said was four hours of preparation Monday and Tuesday.

Asked why his administration did not openly support the 7,000 guerrillas who are in rebellion against the leftist Sandinista government of Nicaragua, which Mr. Reagan frequently has criticized, he replied, to laughter in the press room, "Why, because we want to keep on obeying the laws of our country, which we are obeying."

The president underscored his opposition to the Sandinista government, which he said was helping leftist guerrillas in their attempt to overthrow the government of El Salvador. Disclaiming any desire to overthrow the Sandinistas, the president said the "only objection we have to them is that they're not minding their own business."

"All we've said to Nicaragua, and from the beginning, is, 'Be a legitimate American state. Quit trying to subvert your neighbors. And we'll talk all kinds of relationship with you,'" the president said.

A Justice Department spokesman said Tuesday night that Mr. Reagan was not exactly correct in claiming that his administration has made 21,000 inquiries into Voting Rights Act violations.

Thomas M. Stewart, associate director of public affairs for the department, said 21,000 responses have been made by jurisdictions required to submit any changes in voting procedures to the federal



President Ronald Reagan at his press conference.

government because they are covered by the Voting Rights Act.

He said: "Each one of the 21,000 changes was closely evaluated and assessed as required by the law, but that is not to say that we went out on our own and found 21,000 cases."

Mr. Reagan also said, as evidence of his efforts on behalf of black Americans, that his administration has set a record for registering money for persons denied fair wages. Mr. Stewart said that he was not certain what the president was referring to and that Mr. Reagan's remarks would have to be studied to see whether they can "match up what he said with what he might have meant to say."

Mr. Reagan dealt deftly with political questions. After he had delivered a long defense of his administration because they are covered by the Voting Rights Act.

(Continued on Page 2, Col. 5)

Thatcher Opens Tories' Campaign, Pledges to Remain 'Steadfast Ally'

By R.W. Apple Jr.

New York Times Service

LONDON — Prime Minister Margaret Thatcher launched her campaign for re-election on Wednesday, unveiling a Conservative Party program that she promised would improve living standards and "ensure that Britain remains a steadfast ally in an uncertain world."

The party's manifesto, or program, pledged that in a second term the Tories would pass tough laws to place further curbs on the power of the trade unions, would remove one layer of local government entirely, would sell off major parts of the nationalized industries and would cut income taxes and continue to cut inflation.

Speaking at a crowded press conference, beneath a banner bearing the slogan "Britain strong and free," the prime minister said that in four years under her leadership Britain had recovered its confidence and self-respect and the admiration of other nations. Her program for the next five years, she added, was equally "robust and responsible."

The choice before the nation is stark, Mrs. Thatcher asserted, "either to continue our present steady progress or to follow policies more extreme and more damaging than those ever put forward by any previous opposition."

As she has since taking power, Mrs. Thatcher refused any suggestion of direct action to deal with what she called "the universal and most intractable" problem of unemployment. She declared: "The answer is not bogus social contracts and government overpend-

ing; the government's role is to keep inflation down and offer real incentive for private enterprise."

The paradox of the campaign so far is that a large majority of the public, according to the opinion polls, considers unemployment the dominant problem facing the country and prefers Labor's policy of economic stimulation to the prime minister's hands-off approach, yet the Conservatives "remain well ahead. In the most recent survey by Market and Opinion Research International, published in Tuesday's Daily Star, the Tories' lead was put at seven percentage points. The poll gave them 44 percent to 37 percent for Labor, 17 percent for the Liberal-Social Democratic alliance and 2 percent for others."

That is a smaller lead than shown in previous surveys, and Labor strategists hope it means that they are beginning to break down the public's belief that there is nothing to be done about the unemployed. With unemployment at 3.2 million, or 13.3 percent of the work force, the highest rate in this country's history, Labor has pledged to spend enough to create 2.5 million jobs during the next Parliament.

Michael Foot, the opposition leader, whose dithering image has been considered a liability to his party's chances, has begun to draw large, emotional crowds to his rallies.

Mr. Foot hammered away at the issue again Wednesday, declaring on a radio program that "if there is anything worse than mass unemployment, it is the Tories' complete misapprehension — to use a very polite word for it — that there is no alternative." David Owen, of the

Liberal-Social Democratic alliance, said the country would not accept the prospect of a further rise in unemployment under Mrs. Thatcher. The Conservative manifesto had a decidedly right-wing tone, as expected, especially with regard to the trade unions. Among other things, a new Thatcher government would be committed to guaranteeing by law a secret ballot for union elections and the right for union members to decide whether they wanted part of their dues to go to the Labor Party or not. Unions would also be required to hold secret ballots before calling strikes if they wished to retain legal immunity.

Among the state-owned businesses that Mrs. Thatcher promises to sell off are Rolls-Royce and British Airways, as well as large parts of British Steel, the automotive company B.L. Ltd., and British Shipbuilders. This will be possible, the Tories privately concede, only if the firms involved can demonstrate consistent profitability.

On local government, the 47-page document attacks the metropolitan councils and the Greater London Council, which in the 1970s took over much of local government responsibility from district and borough councils in large metropolitan areas. A number of the councils, including London's, have been dominated by Labor left-wingers.

Stressing that British jobs and investments were directly linked with Britain's membership in the European Community, Mrs. Thatcher declared that "we need to fight on" within the organization, from which Labor is committed to withdraw as soon as possible.

Favorite Aussie Animals Fall on Hard Times

Sheep Suffer Shearers' Strike, Koala Endures Minister's Wrath

By William Branigan

Washington Post Service

SYDNEY — It may be a sure sign that things are tough all over. Even two of Australia's most renowned animals are feeling the hard times.

As one of Australia's longest droughts eases, the onset of winter brings the prospect of millions of cold or frustrated sheep. And the country's koala bears have never been so insulted.

The difficulties of many of Australia's 132 million sheep stem from a two-month strike by up to 20,000 shearers to protest the use of wide combs on shears.

It seems that the thousands of New Zealanders working in Australia have introduced a steel comb that is 13 millimeters (about half an inch) wider than the standard size agreed between wool growers and the shearers of the Australian Workers' Union.

The strike seems to make little sense. The shearers get paid per sheep shorn, and they presumably can shear more sheep in the same amount of time with a wider comb. But they feel that eventually wider combs might cost some jobs, and they are determined to enforce use of the union-stipulated size.

That is not only bad news for Australia's \$2-billion-a-year wool industry. It is also hard on the sheep, many of which are getting quite woolly. So bulky, in fact, that they have difficulty mating.

And sheep owners warn that many of the ewes who do mate may not survive the rigors of lambing because of their heavy load. Many lambs, too, may die from being unable to suckle, the owners say.

Thus they fear that the strike will result in much smaller flocks.

make the next few months quite chilly for many sheep. Radios will announce "sheep alerts" in particularly cold weather, and growers will have to rush out with thousands of small plastic coats to protect their flocks.

Besides the effects on the sheep themselves, the strike lowers the quality of the wool (the longer it stays on the sheep, the dirtier it gets) and reduces the amount available for export.

Up to now Australian wool has accounted for 10 percent of the country's exports and a quarter of the world's wool requirements.

Adding insult to injury in the Australian animal kingdom was John Brown, the new minister for sport, recreation and tourism.

Addressing a luncheon gathering last month on the need to promote Australia as a "more diverse tourist destination," Mr. Brown surprised his audience by heaping scorn on the country's most beloved creature, the koala, which is featured in many international advertising campaigns.

He spoke of a need to destroy "the koala myth," even though the small, furry marsupial is an Australian symbol and has been chosen as the national team's mascot at the 1984 Olympics in Los Angeles.

"The belief of Americans that they are a lovely, cuddly little bear is fairly well exploded when they get here and pick one of the rotten little things up," Mr. Brown told shocked tourism industry leaders. "They find it's flea-ridden, it piddles on you, it stinks and it scratches."

Judging by the subsequent flurry of irate newspaper editorials and letters to the editor, many Australians were not amused.

"You leave our koalas alone," warned the Melbourne Herald. Other papers began referring to Mr. Brown with such phrases as "our koala-denigrating minister for tourism."

The opposition spokesman for tourism got into the act by carrying a large toy koala into the House of Representatives in Canberra and placing it in the chair usually occupied by Mr. Brown, who was absent that day. The House speaker said stiffly that he did not think the action appropriate, and the opposition spokesman carried the koala out.

In his own letter to the Sydney Morning Herald last week Mr. Brown suggested that few tourists come to Australia just to see koalas.

"And in any case," he wrote, "just how long can anyone stand about fondling a furry, 'lovable' marsupial?" He added that a visitor to Australia "wants better value for money than the questionable thrill of a koala's embrace."

"Forget the 'piddling' koalas," Mr. Brown wrote. "Let's come of age as a sophisticated, exciting nation and let's start selling it that way."

Koala specialists conceded that there was some truth in Mr. Brown's remarks. The normally docile marsupial — a member of the wombat family and distantly related to the opossum — can be ill-tempered if handled, like many other undomesticated animals. And, if frightened, they might also tend to urinate.

"But it's not like they come roaring down out of the trees to pee on you," says Dominic Fanning, a koala specialist in the Zoology Department of the University of New South Wales.

Many Australians believe that the koala's usual docility comes from being more or less drugged on the juice from eucalyptus leaves, which make up the koala's diet. It is when the "high" starts to wear off that the koala becomes irritable, according to the common belief.

Mr. Fanning disputes that, however, insisting that koalas "deal with the toxins in eucalyptus very efficiently." They seem so sleepy, he says, because they have low metabolisms.

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SPORTS

■ The New York Islanders won their fourth straight Stanley Cup hockey title, defeating Edmonton, 4-2. Page 21.

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FRIDAY

■ Summer vacation is coming up and now is the time to start planning. A host of suggestions worldwide will be in Weekend.

INSIDE



PHILADELPHIA PRIMARY — W. Wilson Goode accepts congratulations after defeating former Mayor Frank L. Rizzo in the Democratic primary. Page 3.

Algeria	6.00 Dhs.	Israel	1.50 NIS	Norway	5.50 NOK
Australia	1.75 S.	Italy	1200 Lira	Denmark	0.200 Dkr.
Bahamas	0.650 Dls.	Jordan	400 Fds.	Portugal	20 Esc.
Bahrain	2.75 Dhs.	Kuwait	1.00 Dhs.	Spain	166.67 Ptas.
Canada	0.75 Cdn.	Lebanon	1.00 L.L.	Saudi Arabia	6.00 R.
Ceylon	400 Mls.	Libya	1.00 D.	Sweden	5.00 S.Kr.
Dominican	4.50 D.Rs.	Luxembourg	20 F.	Switzerland	2.00 S.Fr.
Egypt	100 P.	Mali	25 C.Fr.	Taiwan	2.000 Dts.
France	500 F.	Morocco	2.50 Dhs.	Thailand	10 Baht
Germany	2.20 D.M.	Niger	2.50 Dhs.	U.S.A.	1.00 D.
Great Britain	40 P.	Nigeria	1.00 K.	Yugoslavia	76 D.
Greece	60 Drs.	Netherlands	2.50 Fl.		
Hong Kong	1.75 Hks.	Nigeria	1.00 K.		

South Africa Drought Hitting Black Homelands Worst

By Joseph Lelyveld
New York Times Service

GIYANI, South Africa — Older farmers who remember a devastating drought in 1933 say the one that is now gripping southern Africa is certainly worse. A South African cabinet minister insisted it was the worst in two centuries.

The industrial areas of South Africa have been warned that they may face power cuts because of a water shortage during the winter, which is about to begin in the Southern Hemisphere. Ranchers, finding they can no longer sustain their herds on the parched grasslands of the South African veld and in desperation to get out from under spiraling feed bills, are seeking to unload four times as many head of cattle as the slaughterhouses can handle.

South Africa, which boasted of being a major exporter of food to neighboring black states as recently as two years ago, may have to import as much as two million tons of cornmeal this year to maintain supplies of this staple in the diets of most of the 23 million blacks within its borders.

In large areas of what is normally a corn belt stretching across the western Transvaal and the Orange Free State, the failure of spring rain was so

nearly complete that commercial farmers who could sell their crops for silage considered themselves fortunate. According to present estimates, corn production, which is measured here in tons rather than bushels as in the United States, may be only one-third of 1981's record crop of 14 million tons.

The drought is different for whites and blacks. Damaging as it is in the white rural areas, where the government has pushed through an emergency finance program to enable farmers to stretch out their debts and save their farms, it is a different order of phenomenon altogether in the black rural areas, the so-called homelands. Often these are situated just the other side of a range of hills.

The difference, which is one of development and population density, is instantly observable the moment a traveler turns down the 48-mile (77-kilometer) ribbon of highway that leads through the bush to Giyani, the little-known capital of a little-known homeland in the northeastern Transvaal called Gazankulu, which is supposedly the national state for blacks of Shangaan and Tsonga origins.

On the other side of the hills, in a white farming area around the town of Tzaneen, overhead sprayers whirl all day long, shooting jets of water over fruit

orchards and even the rugby field of the local Afrikaans high school. The only water restriction imposed there so far has been a ban on irrigation by night.

In Gazankulu, there is no longer any grass to water and scarcely any livestock left. The chief minister, Hudson Ntsauwisi, who estimated that three-quarters of the cattle, or 45,000 animals, had been slaughtered in Giyani district alone, said subsistence farming had ceased to be possible in his state.

"It's horrifying," said the chief minister, a former linguistics professor, as he gazed out through the smoked windows of his futuristic, air-conditioned government center at a landscape that was dim where it should have been green. "For two years we haven't had any rain at all. For two years we haven't had any plowing."

Pieter G. Koorhof, the white cabinet minister whose department oversees relations with the non-independent black states, announced recently that the government was appropriating \$18.5 million in emergency relief funds to cope with the crisis in rural black areas, whose combined population appears to be on the order of about eight million people. Those funds are earmarked for well-drilling, public-works projects and food relief.

Although these emergency funds amount to less than what will have to be made available in the government's program to sustain fewer than 25,000 white commercial farmers, they may be as much as can be absorbed by the homeland administrations to which they are being turned over. In accord with its political premise that rural blacks are not really South Africans, the white government appears to regard the relief effort as something akin to foreign aid.

The government has so far not deployed the huge transport resources of its own armed forces to bring safe drinking water and food relief to stricken rural communities.

Nevertheless, there has been a growing awareness among whites that the drought will inevitably mean, as winter progresses, a rise in the number of deaths due to malnutrition in the black rural areas, where nutrition-related diseases such as kwashiorkor and marasmus are endemic even in good years.

Even more than in normal years, the homelands are living on the wages sent back by absent migrant workers from the white industrial areas. The migrants' wives who furnish much of the labor on white farms in this region now find that opportunities for work have dried up with the crops.

WORLD BRIEFS

Seoul Dissident Protests by Fasting

TOKYO (UPI) — Kim Young Sam, former leader of the banned New Democratic Party now under house arrest in Seoul, declared Wednesday that he had begun a hunger strike to press for democratic reforms in South Korea.

The onetime presidential contender said he wanted to protest the dictatorial rule of President Chun Doo Hwan and to show sympathy for those involved in a bloody anti-government uprising at Kwangju in 1980. Mr. Kim was confined to his home in Seoul last June 1, after publication of an interview in the foreign press in which he was quoted criticizing Mr. Chun's government.

Study Sees U.S.-Japan Difficulties

WASHINGTON (Reuters) — The partnership between the United States and Japan is in "serious trouble" as a result of differences over economic and security issues, a study made in the two countries said Wednesday.

The report, drawn up by the United Nations Association of the United States of America and the Asia Pacific Association of Japan, said Japanese must bear a larger share of the defense burden and American must consult more and deal with Japan as an equal.

The report cited "a very real danger that the present path of bilateral tension and confrontation could lead the Japanese people to feel increasingly isolated in the world community" and to withdraw into themselves. "A politically isolated and economically vulnerable Japan in a period of global recession would raise some disturbing parallels with the pre-World War II situation," it said.

Italy Seizes Radioactive Material

ROME (UPI) — Italian police said Wednesday they had seized 11 ounces (312 grams) of radioactive material that criminals had tried to sell to a Middle Eastern country for possible use in manufacturing nuclear bombs.

Police said a gang of criminals apparently had tried to sell the material, which experts said could be converted into uranium-235 for use in nuclear bombs, to the embassy of an unidentified Middle Eastern country in Rome.

Police said they were led to the material, hidden in lead containers in a field outside Rome, by Adelberto De Wit, who escaped from jail in 1971 while serving a 24-year sentence for attempted murder and robbery. The said they were checking his story that the material was brought from Germany at the end of World War II by returning Italian prisoners of war and that one former prisoner passed on the secret to his son shortly before he died.

Paris Recalls Ambassador to Chile

PARIS (AP) — The French ambassador to Chile, Léon Bourgeois, has been recalled to Paris for consultations, "diplomatic language for doing extreme displeasure," External Relations Minister Claude Cheysson announced Wednesday.

The news followed a cabinet meeting that discussed the recent arrest of more than 300 people in Chile. Mr. Cheysson said the French government wished to show "that it is concerned about the situation in Chile."

In a statement to the National Assembly, Mr. Cheysson said France might take further measures within a few days. He said that Chile president, General Augusto Pinochet, "represents a curse for his people" and hailed the Chilean people "in the face of pitiless repression."

NATO Could Collapse, Study Says

LONDON (Reuters) — The North Atlantic Treaty Organization could collapse unless the United States heeds strains with Western Europe over how to deal with the Soviet Union, according to the International Institute for Strategic Studies.

In its annual strategic survey, to be released Thursday, the independent research group says it is important that the alliance be resolved either by the end of the year or they could weaken next year. Robert O'Neill, the institute director, said in a press conference Wednesday that the U.S. presidential election campaign in 1984 could generate public criticism that Europe is carrying enough of the NATO military burden.

Trans-Atlantic strains have developed over the deployment of nuclear missiles in Europe, the Soviet gas pipeline and a rise in economic protectionism, Mr. O'Neill said.

Journalists Criticize South Africa

AMSTERDAM (Reuters) — Journalists from about 40 countries condemned on Wednesday what they called continued harassment and persecution in South Africa and they expressed concern about the press situation in Turkey, Morocco, Argentina, Brazil, Uruguay, Nicaragua and Kenya.

In a resolution passed by more than 300 delegates attending the annual general assembly of the International Press Institute, the journalists drew attention to the forthcoming trial of Aileen Spinks, a free-journalist, for the Washington Post said the London Observer, his wife and Bernard Simon, a reporter for the Economist and Financial Times of London.

The journalists also protested the Kenyan government's refusal to allow George Githii, an editor and a former vice chairman of the international organization, to leave the country to attend the Amsterdam assembly. This was seen as a further example of the increasing pressures threatening the press in Kenya.

Potential New AIDS Risk Found

BOSTON (Reuters) — A potentially fatal illness that breaks down the immune system and that seems mainly to affect homosexuals and drug addicts can be spread by sexual contact between men and women, a study suggests.

A team of eight researchers, headed by Dr. Carol Harris of the Montefiore Medical Center in New York, has found that six out of seven women who were partners of drug addicts with the illness, known as AIDS, showed some early signs of the disease. One of six was found to have the full symptoms of AIDS, an acronym for Acquired Immune Deficiency Syndrome.

"This study suggests that subjects who are sexual partners of heterosexual men with AIDS are at risk," the researchers concluded. The origin of AIDS has not yet been determined. It was first identified in homosexuals, then was reported in drug abusers, Haitian refugees and people who had received blood transfusions.

President Resigns in South Yemen

BAHRAIN (Reuters) — North Yemen's president, Ali Abdullah Sal, submitted his resignation at an extraordinary meeting of the legislative assembly Wednesday, the Gulf News Agency said.

However, the Saudi press agency said it appeared that at least a third of the assembly would call for re-election of the 51-year-old president.

Colonel Saleh, elected in 1978, has moved away from Saudi and U.S. influence, seeking rapprochement with domestic opposition groups in South Yemen.

For the Record

TUNIS (Reuters) — Presidents Sandro Pertini of Italy and Bendjed Chadli of Algeria opened a natural gas pipeline on Wednesday linking their two countries via Tunisia, the Tunisian news agency TAP said.

ATHENS (UPI) — A group called the Martyrs of Issam Sarra claimed responsibility for two bombs that exploded near the Syrian Embassy in an Athens suburb, the police said Wednesday. No one was injured.

ATHENS (AP) — More than 1,600 Greeks employed at U.S. military bases in Greece went on a three-day strike Wednesday for better wages and conditions and job security.

AMMAN, Jordan (UPI) — Jordan's new international airport, which cost about \$330 million, will open next Wednesday, aviation officials said. Queen Alia International Airport is named after King Hussein's third wife, who died in a helicopter crash in 1977.

DALLAS (UPI) — The national convention of the United Auto Workers Wednesday elected its vice president, Owen Bieber, 53, as the president of the union, succeeding Douglas A. Fraser.

European Leftists Plan Strategy for Summit

Reuters

PARIS — European leftist leaders met Wednesday to endorse a strategy for economic revival that President François Mitterrand will take to the Western summit at Williamsburg, Virginia, on May 28.

Diplomats said the meeting would give Mr. Mitterrand an international mandate for the summit, where he stands little chance of winning enthusiasm from his partners, West Germany, Britain, the United States, Canada, Japan

and Italy, for his Socialist-inspired policies.

The influential daily newspaper Le Monde said Wednesday that the president would find himself "alone against everyone" at Williamsburg.

Mr. Mitterrand has recently adopted a tough anti-United States stance and has indicated that France might boycott further summits if this year's makes no progress on coordinating economic and monetary action.

Prime Ministers Olof Palme of Sweden, Andreas Papandreu of Greece and Kalevi Sorsa of Finland, and the Portuguese Socialist leader, Mario Soares, who is expected to lead a coalition government after elections last month, were at the meeting.

They are preparing a statement expected to call for a plan to stimulate growth, increase investment, develop new industry, cut interest rates and stabilize foreign exchange markets.

The text is expected to contain mild criticism of U.S. policies and less specific wording than the French would like on issues such as monetary reform, diplomats said.

Prime Minister Felipe Gonzalez of Spain and Austria's incoming chancellor, Fred Sinowatz, were not at the meeting, which is chaired by Prime Minister Pierre Mauroy of France. Prime Minister Moustafa Niasse of Senegal is also at the meeting.

In a speech last week, Mr. Mitterrand called for an international conference to set up a new international monetary system. This was greeted with skepticism by France's main allies.

At a news conference Tuesday after a two-day meeting with Chancellor Helmut Kohl of West Germany, Mr. Mitterrand launched a new attack on Washington for its high budget deficit and interest rates that he said pushed up the dollar and penalized other economies.

Asked for his comment, Mr. Kohl said he did not like to discuss the policies of a friendly country in its absence.

Mr. Mitterrand says that recovery from the recession can come only if countries coordinate efforts to stimulate their economies and that his efforts to expand demand in 1981 came to grief because his policy ran counter to those of other Western governments.

Socialist and Social Democratic leaders held a similar meeting in Paris last January and endorsed a broad economic program along the lines of the document expected to be approved Thursday.



BUDGET SESSION — Spain's prime minister, Felipe Gonzalez, left, conferred Wednesday with Finance Minister Miguel Boyer before his government presented its budget to the parliament.

Habib Won't Be Welcome For New Talks, Syria Says

(Continued from Page 1)

U.S. Secretary of State George P. Shultz.

Mr. Shultz said after talks with President Hafez al-Assad in Damascus earlier this month that the next step after the Israeli-Lebanese agreement would be for Lebanon to approach Syria and the PLO on a parallel withdrawal. State Department officials in Washington said Tuesday that he had no plans to return to Damascus.

During his visit to Damascus, Mr. Shultz said that Mr. Assad had assured him that U.S. officials would be welcome for talks at any time.

Also on Wednesday, al-Ba'ath, the newspaper of Syria's ruling Ba'ath party, denounced Lebanon for signing the accord with Israel. It said the deal was a U.S. plot to help the Christian Phalangists, led by the family of President Amin Gemayel, to dominate the country.

It said Syrian-backed opponents of the deal in Lebanon "will not allow the signing of the surrender agreement to go unaccounted for."

In Beirut, Foreign Ministry sources said Wednesday that Lebanon had decided to withdraw its ambassador to Libya, Nizar Farhat, after criticism by Colonel Moamer Qadhafi, the Libyan leader, of the agreement with Israel.

The Foreign Ministry also asked Libya's representative in Beirut, Salah Drouki, not to return, the

sources said. The representative is currently abroad.

Officials in Beirut also said Wednesday that the Lebanese foreign minister, Elie Salem, had met Saudi Arabia's chargé d'affaires, Abubakar Abbas Rafiq, to discuss the future of the Lebanese-Israeli accord.

The Lebanese government itself is expected to open formal contacts with Syria shortly, to try to persuade it to pull out its troops.

Washington Expresses Regret

The State Department and the White House expressed disappointment Wednesday at the Syrian refusal to receive Mr. Habib, United Press International reported from Washington, but a spokesman said the Syrian rejection was not the last word.

The State Department received formal notification from the Syrian government Tuesday, a spokesman, John Hughes, said. He said the Syrian refusal was "disappointing" and "not the spirit we had hoped for," but he said the State Department did not believe that the Syrian refusal was "the final closing of the door."

"We continue to believe that dialogue is the way to advance the cause of peace. We remain ready to engage in the dialogue," Mr. Hughes said.

Larry M. Speakes, the deputy White House press secretary, said, "We can't give any reason for their motives. We'll keep trying. It is our opinion that dialogue is the best way to advance the cause of peace."

Mr. Speakes said the Syrian rejection "does not deter our desire to have complete withdrawal of all foreign forces from Lebanon."

Frank Aiken, 85, Dies; Statesman, Early IRA Chief

The Associated Press

DUBLIN — Frank Aiken, 85, the chief of staff of the Irish Republican Army from 1923 to 1925 and later a prominent Irish statesman, died Wednesday of pneumonia in Dublin.

Elected in 1923 to the Dail, the lower house of Ireland's parliament, Mr. Aiken represented County Louth for 50 years. He served as deputy prime minister and foreign minister between 1951 and 1969. He also led the Irish delegation at the United Nations for a number of years and was credited with laying the groundwork that led to the creation of UN peace-keeping forces.

Mr. Aiken was born in County Armagh, in what is now Northern Ireland. He joined Irish nationalist groups in his teens and took part in the 1916 Easter Rising against British rule. In 1918, he was imprisoned for training anti-British volunteers.

He indicated that the dispute between the United States and its allies over the pipeline is a thing of the past, saying, "There is peace among us with regard to East-West trade."

Mr. Reagan skirted the issue of whether the Soviet Union has violated arms control treaties by testing two new nuclear weapons. He said, as he has before, that the United States has information that such violations may have occurred and has asked the Soviet Union to respond.

"So far, they have not provided

that information to us," he said. "So, all we can tell you is that we have very great suspicion, but again you can't go to court without a case and without the solid evidence. And it's just too difficult and we don't have that."

One of the longest answers was to a question about whether the federal education budget should be increased in response to a report that American educational performance is declining.

He said the United States has "created the greatest public school system the world has ever seen, and then we have let it deteriorate. And I think you can make a case that it began to deteriorate when the federal government started interfering in education."

He strongly endorsed the "return-to-basics" formula for improving education and said that many of the problems "can be corrected without money."

Mr. Reagan predicted that budget deficits in the range of \$200 billion would not force interest rates higher and threaten the economic recovery.

4 Russians Said To Spy in Bonn

United Press International

BONN — The weekly magazine Quick has reported that four Soviet diplomats have been exposed as spies and are about to be recalled to Moscow.

West Germany refused to comment Wednesday on the report. A spokesman for the Soviet Embassy in Bonn called it a "political provocation" and said, "Not a word of it is true."

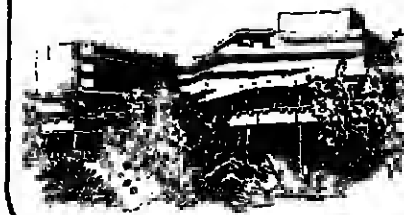
Quick identified the four as Yevgeny Sluzhkin, the second secretary; Viktor Marschenko, a military attaché; and Boris Koshenkov and Oleg Schevchenko, trade envoys.

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Anti-Apartheid Lobby Is Convicted of Fraud

The Associated Press

JOHANNESBURG — The former head of the South African Council of Churches, an opponent of apartheid, was convicted Wednesday of fraudulently depositing \$358,000 of council funds into his personal accounts.

John Rees pleaded not guilty to 29 charges of fraud. He said he had secretly established the private accounts to promote racial peace.

Goode Stops Rizzo Comeback In Philadelphia Mayoral Vote

By Paul Taylor

Washington Post Service

PHILADELPHIA — W. Wilson Goode, the sharp-tongued son who is seeking to become Philadelphia's first black mayor, defeated former Mayor Frank L. Rizzo in the Democratic primary after taking the lead early Wednesday on the strength of late-reporting black precincts.

With 98 percent of a heavy Democratic turnout counted, Mr. Goode led Mr. Rizzo by 312,219 votes to 270,115.

After a campaign notable for its decorum and absence of racial appeals, Mr. Goode, 44, the city's former managing director, appeared to have won more than 95 percent of the black vote and about 25 percent of the white vote, according to exit polls conducted by two television stations.

Mr. Goode's victory ended a comeback bid by Mr. Rizzo, 62, one of the nation's most colorful and controversial urban political figures of the past two decades. Mr. Rizzo tried to soften his image and cater to an electorate no longer so transfixed by the hard-edged

law-and-order appeals that were once his stock-in-trade.

Tom DeVries, an analyst who conducted exit polling for the local CBS station and The Philadelphia Inquirer, said 62 percent of Democrats interviewed had a negative impression of Mr. Rizzo and 76 percent had a positive feeling about Mr. Goode.

Mr. Goode's strategy of attacking Mr. Rizzo's record and reminding the voters of what they did not like about him apparently worked.

"People said that Rizzo was out of date, phony and a bad manager," Mr. DeVries said. "Race just doesn't seem to have been a factor in the campaign."

There has been a black candidate for mayor in the last four Philadelphia elections, and their effectiveness in terms of money raised, street organization and percentage of votes has risen with each outing. Moreover, in the past decade, independent blacks have moved into mainstream political positions of power.

After incumbent Mayor William J. Green announced last fall that he would not seek re-election, Mr.

Goode was the heavy choice of the black leadership to enter the race. Though he had never before sought elective office, he had been highly visible in his three years as managing director, an appointive position that controls the city's 10 operating departments.

"A lot of blacks already think of him as the mayor," said District Attorney Edward Rendell, "and they see this campaign as just making it official."

In some ways Mr. Goode presents the ideal profile for a black candidate in a majority white city that has undergone its share of racial tension in the recent past. He is a reassuringly low-key, devoutly religious church deacon who favors conservative suits and starched white shirts.

When he campaigned among blacks, he avoided the "it's-our-turn" rhetoric that characterized the early campaign of Chicago's new mayor, Harold Washington.

In a hard-fought Republican mayoral primary, John Egan, a stockbroker, had 36,367 votes, former U.S. Representative Charles F. Dougherty had 23,588, and Thom-



Frank L. Rizzo

as Gola, a former city controller and former professional basketball player, had 19,944, with 89 percent of the vote in. With Democrats outnumbering Republicans by more than 5 to 1, Mr. Goode is the heavy favorite in the general election.

A third major candidate is waiting in the wings for the November election — Thomas Leonard, a former city controller, who dropped out of the Democratic primary when he found himself in the middle of the Rizzo-Goode campaign.

Glenn Leads Democratic Rivals in Earnings

By Howard Kurtz

and Mary Thornton

Washington Post Service

WASHINGTON — Senator John F. Glenn of Ohio earned at least \$1.6 million in the past 16 months, far more than his rivals for the Democratic presidential nomination, while former Vice President Walter F. Mondale led the group in speaking fees from a variety of special interest groups, according to financial disclosure statements.

Senator Glenn reported personal family income of \$1.6 million to \$2.1 million from Jan. 1, 1982, through April 15 of this year, in the statements released Tuesday.

Most of the income was from holdings in two Holiday Inns near Disney World in Florida, a broad range of corporate stocks and partnerships in real estate, timber and oil and gas. His assets in property and stock, which under the disclosure rules also are listed in general dollar ranges, were valued at \$3.2 million to \$7.4 million.

Mr. Mondale's family income during the same period was \$709,761 to \$726,067, and his assets were valued at \$138,000 to \$375,000. His earnings included director's fees and a \$150,000-a-year salary from the Winston and Strawn law firm, as well as \$174,481 in speaking fees. He was hired by the law firm to advise it on public policy and world trade, according to Maxine Isaacs, his press secretary.

His speaking fees included \$21,000 for three speeches to the United Jewish Appeal, \$10,500 from State of Israel Bonds, \$7,000 from Yeshiva University, \$7,000 from Blue Cross-Blue Shield, \$1,500 from the National Education Association and \$2,000 from General Electric Corp.

The heaviest fees came from Borsen Corp., a European financial

services group, which paid Mr. Mondale \$14,000 for each of five speeches to businessmen in Amsterdam, Copenhagen and Helsinki.

Among the other candidates, Senator Ernest F. Hollings of South Carolina reported \$91,870 in speaking fees during 1982 for addressing such groups as the Chemical Manufacturers Association and the Mortgage Bankers Association. Senator Alan Cranston of California received \$38,750 in honoraria and Senator Gary Hart of Colorado \$43,172 during the 16-month period.

Senator Hart, like Mr. Mondale, has made an issue of rejecting contributions from political action committees. Kathy Bushkin, his spokeswoman, said that he wants to campaign "unencumbered by

special interests," but that "there's a big difference between financing your campaign and accepting speaking fees."

Senator Glenn's campaign manager, Bill White, said Mr. Glenn did not accept speaking fees because "it's something he just doesn't feel comfortable doing."

Senator Glenn earned \$1.16 million from three corporations that own and manage the Holiday Inns, in which he has a 30-percent interest. One of his partners is a Florida businessman who helped Mr. Glenn and six other American astronauts buy property in the early 1960s, Mr. White said.

A Boston financial firm manages Senator Glenn's portfolio of state and local bonds and stocks.

Mr. Mondale, in addition to a

\$30,000-a-year federal pension, earned \$95,109 as a director of Control Data Corp., \$50,190 as a director of Columbia Pictures Industries and \$30,000 as a consultant to Family Focus, a children's services group. He has since resigned from these groups.

Reubin Askew, former governor of Florida, reported earnings of \$308,816 to \$313,016, most of it from his salary as a senior partner in Miami's largest law firm, Greeneberg, Traurig, Askew, Hoffman, Lipoff, Quenell and Wolff.

Senator Hart reported income of \$171,424 to \$307,447, while Senator Hollings, who listed only 1982 figures, reported earnings of \$359,062 to \$511,862.

Responsibility Unclear in Eastern Air Mishap

By Douglas B. Beaver

Washington Post Service

MIAMI — An Eastern Airlines executive has testified that "apparently there is some confusion" among the airline's maintenance personnel as to who is responsible for ensuring proper installation of engine oil seals on its L-1011 jumbos.

James Foucault, director of line maintenance for Eastern, made that statement Tuesday in response to questioning at the National Transportation Safety Board's investigation into the failure of all three engines on an Eastern L-1011 May 5.

The plane, carrying 172 persons from Miami to Nassau in the Bahamas, made an emergency landing in Miami after the crew restarted one stalled engine and avoided ditching in the Atlantic Ocean.

It was discovered that oil had leaked from all engines because the seals were missing on a bolt penetrating the oil system. The bolt is changed daily on each engine, and Eastern procedures require installation of new seals, called O-rings.

Two mechanics who worked on the airplane testified Monday that they never replaced the seals, but seals were attached to the bolts when the mechanics picked them up at a supervisor's station. Daniel

R. Ormon, an Eastern technical foreman, testified Tuesday that he and his assistants never replaced the seals, that it was the job of the mechanics.

Since September 1981, according to Federal Aviation Administration records introduced Tuesday, Eastern L-1011s have had to shut down engines in flight on six occasions. Four times the oil seals were missing. Two times the seals were damaged. Damaged seals caused major oil leaks on two other occasions.

FAA inspectors discussed each event with Eastern but took no formal action until after the May 5 incident, when it initiated investigations against the two mechanics. They subsequently received 30-day suspensions.

On one day, Jan. 14, 1982, two L-1011 engines were shut down because of missing seals. At that time the FAA threatened to impose its own maintenance system on Eastern mechanics if the problems did not stop, according to Samuel Anderson, the FAA's principal inspector for Eastern.

Between then and May 5, there were no more engine shutdowns traced to missing seals, but there were a number of damaged seal cases, Mr. Anderson said. The FAA took no disciplinary actions,

because Eastern had either suspended or reprimanded mechanics, he said.

The chairman of the safety board, Jim Burnett, asked Mr. Anderson whether the inspectors had visited the maintenance line to view the process of changing bolts and seals.

"We made contact at the vice-

president level," Mr. Anderson answered.

"Vice presidents are not putting on O-rings," Mr. Burnett said.

The FAA has been reluctant to dictate specific maintenance procedures and is moving even more in that direction with a proposed program in which each airline establishes its own procedures.

Study Doubts Love Canal Gene Damage

New York Times Service

WASHINGTON — Residents and former residents of the Love Canal toxic-waste dump in Niagara Falls, New York, are no more likely to have suffered chromosomal damage than residents elsewhere in that city, according to a government study.

The study, conducted by the Centers for Disease Control in Atlanta and two major national laboratories, contradicted a disputed 1980 study that spread fear among the residents and led to the removal of hundreds of families to protect their safety.

The latest study, released Tuesday, found "no increase in abnormalities" among 46 residents or former residents of the area surrounding the canal compared with 50 residents of a control area

roughly a mile (1.6 kilometers) away.

This suggests that no specific relationship existed between exposure to chemical agents in the Love Canal area and increased frequency of chromosome damage," the study asserted.

Chromosomes are threadlike particles that transmit hereditary instructions from generation to generation and determine a person's physical and mental characteristics.

The latest study said that even if chromosome damage had been found, it would be "impossible to know" whether such damage might forestall "later occurrence of clinical illness." Some scientists believe chromosomal damage may cause cancer and birth defects.

The study focused primarily on

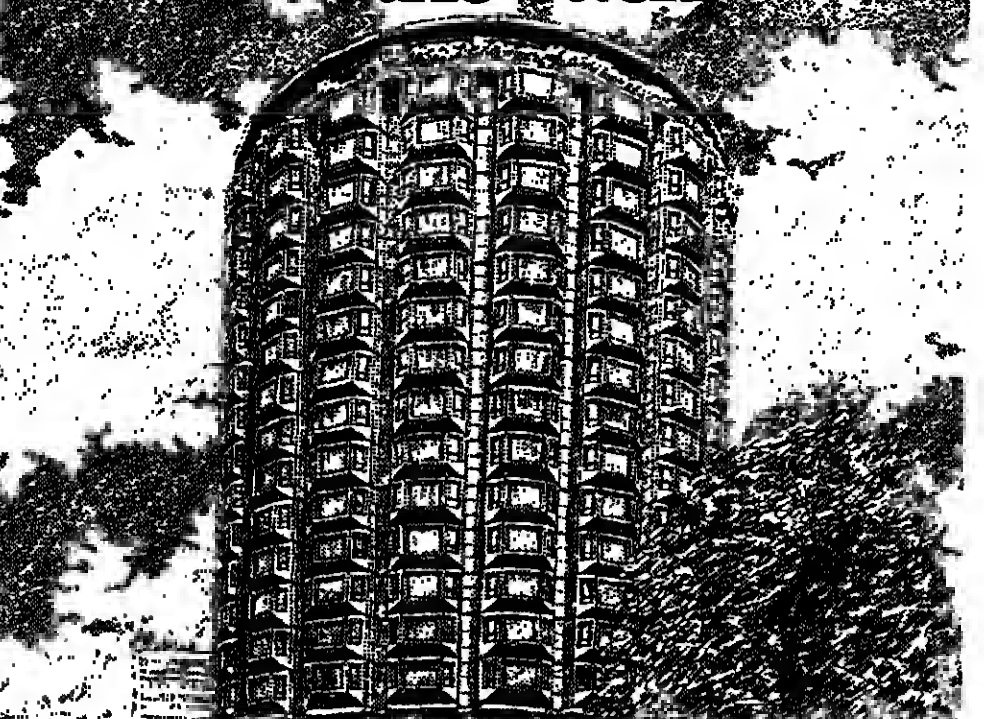
chromosomes and did not delve deeply into other possible effects.

In earlier studies, the department found a slight increase in miscarriages in women living in homes nearest the toxic dump. However, it found no significant increase in any form of cancer in the area.

The new findings angered some former residents. One, Barbara Quimby, said: "I'm horrified." She said that one of her two children had birth defects for which she blames the Love Canal.

Lots Gibbs, who spearheaded the action to remove more than 1,000 families from the neighborhood, said the new study had been "released deliberately to confuse and cause a smoke screen around the canal" in efforts to revitalize the area.

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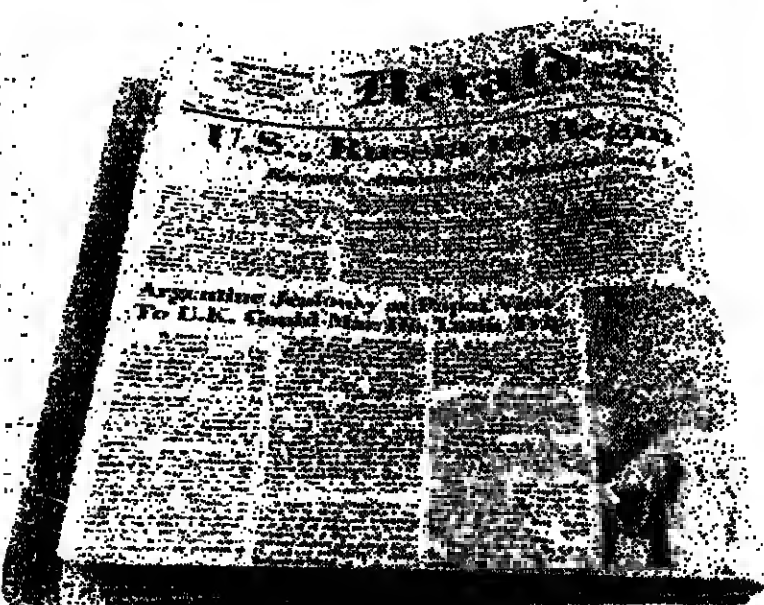


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CIA Objects to Book By Former Director

By Seymour M. Hersh
New York Times Service

WASHINGTON — Admiral Stansfield Turner, who as director of the Central Intelligence Agency prosecuted Frank W. Snapp 3d, a former CIA analyst, for refusing to clear a book about the fall of Saigon, is now embroiled in his own book dispute with the agency's censors.

Admiral Turner, who was CIA director during the Carter administration, acknowledged that the agency's Publications Review Board objected to portions of three chapters in his unfinished book, deleting as much as 10 percent of one section on the ground that it included classified information that would be injurious to the protection of agency sources.

He said he is prepared to litigate. His attorney is Anthony Lapham, who was the CIA's general counsel at the time of the proceedings against Mr. Snapp.

Admiral Turner has no publisher because the book cannot be shown to outsiders until it is cleared. He said the book focuses on the issues "of running secret intelligence operations in a democratic society."

He was reluctant to question the motives of the censors, but one of his former senior aides at the agency, who has been involved in the preparation of the book, depicted the deletions as "picking and quarreling." Admiral Turner, he said, "feels there are fundamental issues in carrying out intelligence in a free society, but these are absolutely

unclassified issues — political science issues, if you will."

Intelligence officials acknowledge a growing enmity between Admiral Turner and high-level officials in the Reagan administration, including William J. Casey, the current CIA director.

"Turner went out there and upset the apple cart for a lot of people at the end of their careers," his one-time aide said, referring to the dismissal of hundreds of senior operatives.

In addition, Admiral Turner has emerged in the past year as a leading critic of the administration's intelligence policies and strategic programs. Two months ago, for example, he published a critical analysis of what he termed the folly of the MX missile program in The New York Times Magazine.

Mr. Snapp, who was forced by a 1980 Supreme Court ruling to pay the government \$140,000 in earnings from his 1977 book, "Decent Interval," expressed little sympathy for the admiral. "I think Turner deserves everything the censors visit on him because he failed to recognize just how dangerous censorship was in the first place," he said.

Admiral Turner still defends the CIA's review program. "I've endorsed the process that I'm going through," he said. "I'm not fighting that." His complaint is over what he termed the mechanics of the censorship process.

At issue, Admiral Turner said, "are specific anecdotes of operations that I had experiences with" as CIA director.

Admiral Turner said he made a number of modifications to his book to meet the agency's objection. But he added that, in many other cases, he was convinced the agency had no basis for asking for deletions.

The overall result of the censorship, he said, is damaging his work in progress, which is nearly completed.



Cardinal Jozef Glemp of Poland kissed the hand of Pope John Paul II during a general audience at the Vatican Wednesday, the pontiff's 63d birthday. Cardinal Glemp and other Polish prelates were visiting to plan John Paul's June trip to his native Poland.

Polish Paper Denounces Walesa, Rejects Reinstatement of Unions

Compiled by Our Staff From Dispatches

WARSAW — The Polish government newspaper Rzeczpospolita denounced Lech Walesa, the former leader of Solidarity, and officials of other outlawed trade unions Wednesday and rejected their call for reinstatement of their banned unions.

"Walesa must be given a resolute 'no,' because his whole twisted line of conduct runs counter to his conciliatory declarations," a Rzeczpospolita editorial said.

The commentary charged that Mr. Walesa had allied himself with the Solidarity underground, "which is busy inciting street riots and

which does not conceal its long-term political ambitions."

The editorial was one of the toughest in a recent campaign in the official media disparaging Mr. Walesa.

It was signed only by an anonymous "observer" but was summarized by the official news agency PAP in a report carried Wednesday by every national newspaper.

The article was the first official response to a letter signed May 6 by Mr. Walesa, other Solidarity leaders and leaders of the branch and autonomous unions that were Solidarity's rivals from August 1980 until the military crackdown Dec. 13, 1981.

All unions were suspended under martial law, and the government has sanctioned new labor organizations that it hopes will replace Solidarity.

"Anyway, whatever Walesa does or says, he already lacks credibility now," the paper said. "The time when he could be a partner — and he did not want it then — is gone. He himself has crossed out the value of his name in the public life of Poland."

Rzeczpospolita also published what it called the first official figures on the number of former Solidarity members who have joined the new unions — 1.5 million out of a total membership of 2.7 million. Solidarity once claimed 9.5 million members out of a work force of 14.5 million.

UAW Honors Walesa
Mr. Walesa was given the United Auto Workers' highest honor, the Social Justice Award, in absentia. The Associated Press reported from Dallas.

"Lech Walesa and Solidarity stand for the right of workers to be treated as human beings — to have unions free of government control and domination," the UAW's president, Douglas A. Fraser, said Tuesday.

Mr. Walesa said in a message from Gdansk that he considered the award "a symbol of recognition for Solidarity."

Emergency Declared in Sri Lanka As Killings, Bombs Disrupt Vote

Reuters

COLOMBO, Sri Lanka — A national emergency was declared Wednesday in Sri Lanka as parliamentary and local elections were marked by killings and explosions, primarily in the troubled northern district of Jaffna.

The presidential secretariat said the police had had prior information that there might be violence immediately after polling or after the results were announced.

Separatist guerrillas killed an army corporal when they opened fire with a machine gun on a polling booth in Jaffna an hour before voting ended, police said. Another soldier and two policemen guarding the booth were injured in the attack.

In another incident, a supporter of the opposition Sri Lanka Freedom Party was shot to death in the Colombo suburb of Mahara.

More than two million people were eligible to vote for 18 parliamentary seats and 46 local authorities.

The state of emergency gives the security forces powers of search, arrest and detention. The secretariat said the emergency was invoked to protect the public and to prevent damage to property.

Bombs exploded Wednesday morning outside five polling booths before voting started in Jaffna, where separatist guerrillas of the Tamil minority had threatened to disrupt the polling.

Tight security was in force during the voting. Armed police guarded polling booths and troops and riot squads stood by. In the Jaffna district, the army, navy and air force assisted police.

Troops began patrolling sensitive areas soon after the emergency was declared. Guards were posted at centers where ballot counting was due to start later Wednesday. Election department officials said the final results would be known by Thursday morning.

A state of emergency was declared in Sri Lanka after presidential elections last October and was extended during a national referendum in December. It was lifted on Jan. 20.

The ruling United National Party, led by President Junius Jayawardene, is the only party contesting all of the elections. Its closest rival is the Sri Lanka Freedom Party of former Prime Minister Sirimavo Bandaranaike.

The Tamil United Liberation Front is the major party in the Jaffna district, where elections were held for four local bodies. The party is spearheading a campaign for a separate state for the minority Tamils who form 12.6 percent of

Sri Lanka's population of 15 million.

The outcome of the election will not endanger the United National Party's majority in parliament, where it holds 125 of the 168 seats.

During the campaign, Mr. Jayawardene vowed to "stamp out terrorism" in Jaffna and called on all political parties to cooperate with him to do so.

An outlawed guerrilla movement shot and killed two United National Party candidates during the campaign and warned voters to keep away from Jaffna. Turnout in the district was poor, with streets deserted after the explosions and many shops closed.

The Tamil United Liberation Front has denied any links with the guerrilla movement. In a statement, the party dissociated itself from the killings of the United National Party candidates and appealed to Tamil youths in the guerrilla movement to give up violence.

Leaflets bearing the tiger emblem of the guerrillas were distributed in Jaffna calling on Tamils to boycott the elections. The guerrillas threatened action against Tamils who support the United National Party.

Army Crushed Mutiny In South, Sudan Says

The Associated Press

KHARTOUM, Sudan — The army said Wednesday it had put down a mutiny among troops in southern Sudan earlier this week, and it accused the rebels of "foreign contacts."

The announcement by the official news agency appeared to be the first official confirmation of reports in recent months of friction between units from the black south and the Arab north, which for 17 years fought a civil war that ended in 1972.

The statement said the action Sunday and Monday was directed against a rebel company of Battalion 105 of the First Division and around Bor, 95 miles (158 kilometers) north of the southern provincial capital of Juba.

The agency report did not speculate on the identity of the "foreign contacts." But Sudanese security sources said earlier this year that Yaacoub Ismail, a former Sudanese Army colonel, who was exiled to Libya after a 1975 coup attempt against President Gaafar Nimeiri, was training dissidents near the Ethiopian border town of Gambela, 250 miles northeast of Bor.

These sources said Colonel Ismail was being backed by Libya, which is linked to Ethiopia by treaty.

Government troops captured huge amounts of arms, ammunition and explosives stockpiled in Bor, the statement said, adding the rebels were brought in from abroad in a "hostile criminal act directed against Sudanese security and unity."

It said an investigation was under way, and added that all civilians and foreigners in the area were safe. The statement did not mention casualties.

The rebel communities of the south have had regional autonomy since 1972. But in recent months there have been signs of renewed opposition to rule by the north.

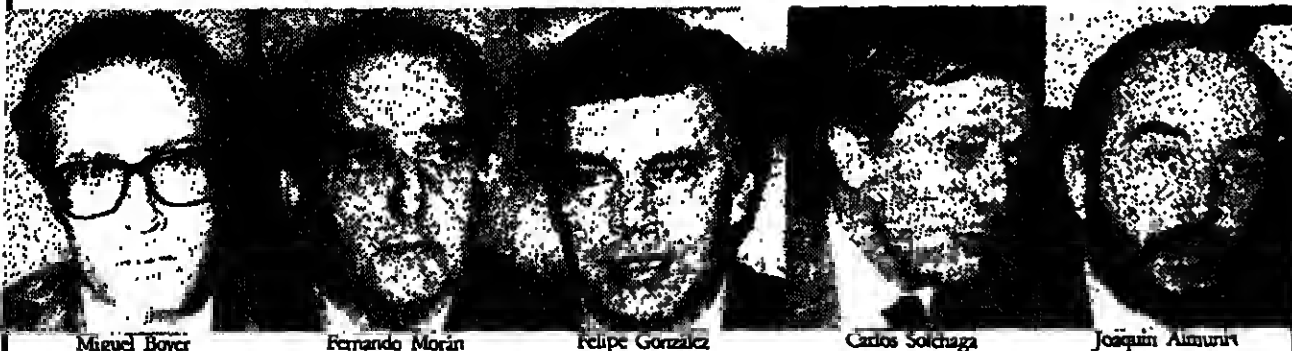
On Jan. 18, southern tribesmen murdered 13 Arab merchants in the town of Atyat. This and other acts of violence have been blamed by the government on banditry.

A prominent southern political leader, Joseph Tombura, said at a political meeting in January: "Everywhere in the southern region people have remained poverty-stricken. Ignorance and disease still prevail, and there is a breakdown of morale within our society."



The International Herald Tribune and the High Council of Chambers of Commerce, Industry and Navigation of Spain invite you to

Meet the New Spanish Government



May 30 and 31, 1983 in Madrid.

The election of a Socialist government in Spain is of particular significance to the international business community. After initial steps characterized more by pragmatic moderation than by left-wing ideology, the government of Felipe González is being closely watched to see whether it will succeed in restoring economic health to the country.

To help senior executives of foreign companies assess the prospects for their activities and investments in Spain, the International Herald Tribune and the High Council of Spanish Chambers of Commerce have organized, with the cooperation of the Spanish government, a conference on "New Spanish Economic Policies," to be held May 30 and 31 at the Palace Hotel in Madrid.

The conference will be addressed by Felipe González and those members of his government most directly involved in formulating and implementing the policies that will affect business in Spain. Additional presentations will be given by bankers, businessmen and trade union officials.

The proceedings will be chaired by José María Figueras, President of the High Council of Chambers of Commerce, and Lee W. Huchner, Publisher of the International Herald Tribune.

Each session will be followed by a question and answer period and simultaneous English, French and Spanish translations will be provided at all times.

To register for this exceptional international conference, please complete and return the registration form below today.

MAY 30, 1983

GENERAL INTRODUCTION TO THE NEW SPANISH ECONOMIC POLICY

Felipe González, President of the Government

FOREIGN POLICY

Fernando Morán, Minister of Foreign Affairs

FOREIGN TRADE

Guillermo de la Dehesa, Secretary General of Commerce

LUNCHEON ADDRESS

Miguel Boyer, Minister of Economy and Finance

FINANCIAL AND MONETARY POLICY

José Alvarez Rendueles, Governor of the Bank of Spain,

Miguel Ángel Fernández Ordóñez, Secretary of State for Economy and Planning

PANEL OF SPANISH AND FOREIGN BANKS

Chairman: Rafael Termes, President of the Spanish Private Banking Association

Alejandro Albert, Managing Director, Banco Hispano Americano
Henri Lamarque, Vice Chairman and Chief Executive Officer, BNP, España S.A.

Richard W. May, Vice President and Country Manager, The Chase Manhattan Bank N.A.

MAY 31, 1983

INDUSTRIAL POLICY

Carlos Solchaga, Minister of Industry

Enrique Moya, President of the National Industry Institute (INI)

FISCAL AND FOREIGN INVESTMENT POLICY

José Víctor Sevilla, Secretary of State for Finance

Gerardo Burgos, Director General of Foreign Transactions

PANEL OF SPANISH BUSINESSMEN

Chairman: Adán Piers, President of the Madrid Chamber of Commerce and Industry

Horst Seemmel, General Manager, ABG Telefunken Spain

Manuel Soto, Managing Partner, Arthur Andersen & Co., Europe

José María Viciuño, General Manager, Ramon Viciuño, S.A.

LUNCHEON ADDRESS

Victor Pérez Díaz, Professor of Sociology, Madrid University

TRADE UNION POLICY

Nicolás Redondo, Secretary General of UGT

Marcelino Camacho, Secretary General of CC.OO.

SOCIAL POLICY

Joaquín Almunia, Minister of Labor and Social Security

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Return to: International Herald Tribune, Conference Office
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Or telephone: 747 12 63, ext. 301, or telex: 612832

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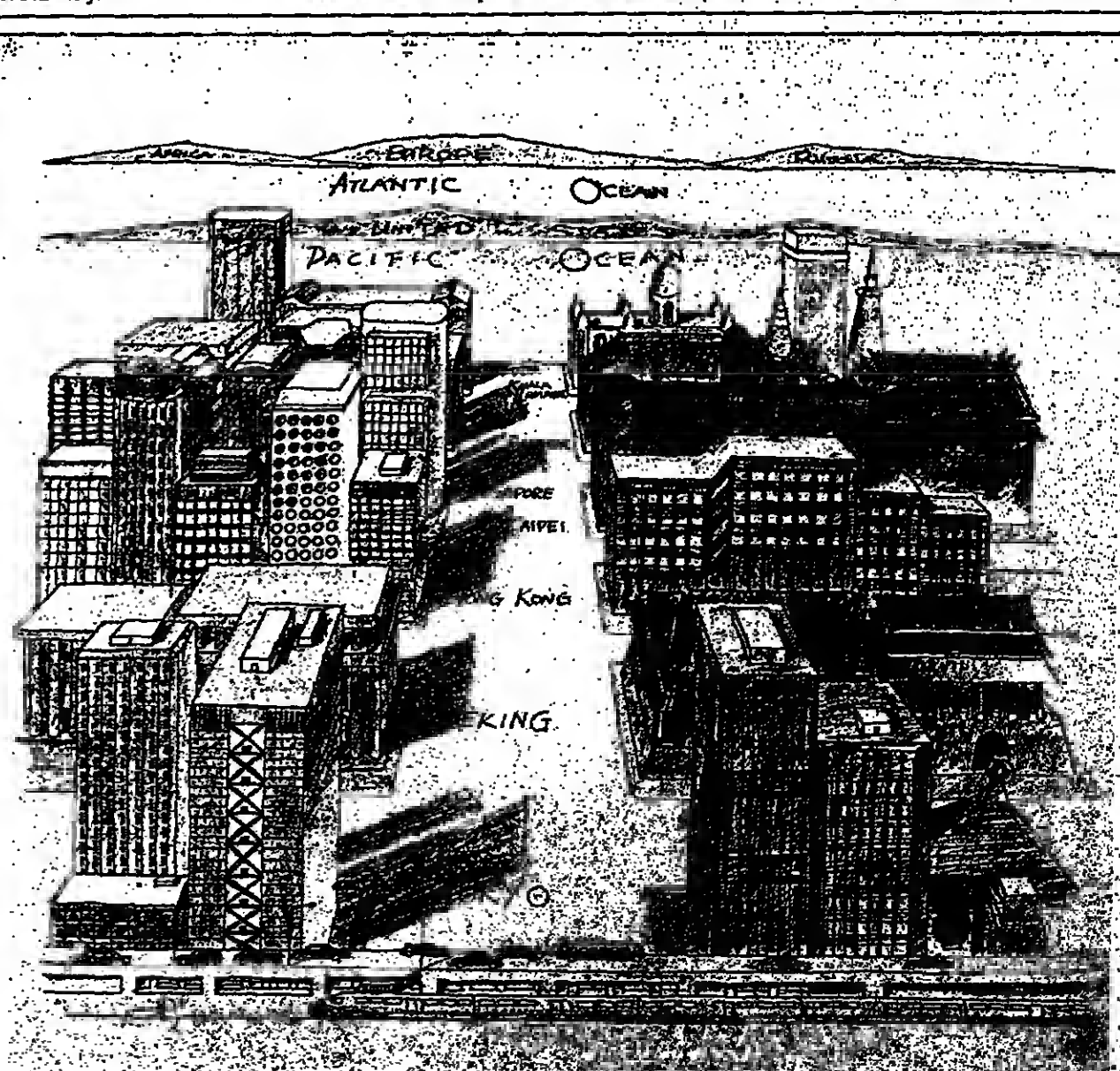
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Faulted on

Decay of Mexico City Serves as Warning to Developing Countries

By Alan Riding
New York Times Service

MEXICO CITY — Fed by the thousands of 2.4 million vehicles and 35,000 factories, by the smoke from burning garbage dumps and the dust thrown up by a dry lake bed, a huge blanket of brownish smog covers Mexico City most days.

The stories spawned by the city's pollution are graphic — the 11,000 tons of waste material pumped into the atmosphere daily, the doctors who come from all over the world to study new respiratory diseases, the canyons that were left in a canyon on a central street corner and was dead within an hour.

Yet it is an indication of the dimension of the city's crisis that its infamously grimy air has barely

This is one in a series of occasional articles on major cities of the Third World.

stirred comment among local people. The air, after all, is free and universally available while every other essential for survival in the world's largest city is not.

Successive governments have struggled to provide such basics as water, electricity, food, housing and transportation, but they have been overwhelmed by a population that has doubled in the last decade. For most of Mexico City's 16 million inhabitants, living conditions remain woefully inadequate.

The appalling urban problems here are typical of the plight of many cities in the Third World that are more and more choked by their uncontrolled population growth. The increase is the result not only of the mass movement from rural areas but also of the high birthrate. What distinguishes Mexico City from other Third World capitals is not the nature but the scale of its problem. Other cities have slums, but here they house five million people; other cities have air pollution, but Mexico City has probably the world's worst; other cities have congested highways, but few can compete with this capital's traffic jams.

"Mexico City's growth and gigantic size are alarming and out of all known proportion," President Miguel de la Madrid Humañez said during his election campaign last year. "Its demography distorts the profile not only of the city but also of the entire country."

Like his predecessors, Mr. de la Madrid has therefore pledged to improve the quality of life here. But with the country in its worst economic crisis in more than 40 years and the city government almost bankrupt, an acute shortage of resources prevents any dramatic new spending programs.

Still more alarming, the government is unable to prevent the Mexican capital from continuing to grow. By the turn of the century, Greater Mexico City, sprawling far beyond the limits of the Federal District, will undoubtedly have 30 million to 35 million inhabitants, more than the population of many nations.

Already Mexico City is a warning to other developing countries where centralized government, a high birthrate, neglect of agriculture and the rush to industrialize have combined to encourage migration to the cities. Twenty percent of the country's population lives here.

Mexico City's location compounds its problems. Standing 7,400 feet (2,260 meters) above sea level and surrounded by mountains and volcanoes, its thin air contains little oxygen. It is also in an earthquake zone and is slowly sinking into its soft subsoil. Finally, it is far from ports and supplies of water, food and energy.

The fact that Mexico City grew

up where it did can be explained only historically. Since 1500 B.C. the Mexican highlands have had military and political dominance over the rest of the country. When the Spanish conquistadors arrived here in the 1520s it was natural for them to build Mexico City on the site of Tenochtitlan, the Aztec capital.

During three centuries of Spanish rule, Mexico City was the seat of a viceroy whose colony stretched as far north as California and as far south as Costa Rica. This was not only the political, cultural and religious capital of Mexico, but eventually it would also be its industrial, financial and commercial capital. For the center of power to be anywhere else was unthinkable.

The destructive transformation of Mexico City began only during World War II, when the shortage of goods previously imported from the United States and Europe forced the country to industrialize. The factories, logically built in the largest urban markets, drew the first wave of migrants from the countryside.

This development model has been maintained since then. Through the 1950s and 1960s, peasant migration to the capital from the rural states around Mexico accelerated dramatically. New slums, or *barrios*, as they are known here, appeared almost weekly as squatters seized every available plot of undeveloped land. Without even minimal services, the migrants claimed to be better off than they were in the countryside and encouraged their relatives to follow them.

During this boom, environmental concerns were suspended in the name of development. Factories were allowed to pour their smoke into the air and their industrial waste into drains fed into the city's rivers. New housing developments, stretching north into a so-called satellite city, consumed wooded areas at an alarming rate. The sprawling urban surface of Mexico City doubled in two decades.

By the 1970s the government began to preach the virtues of decentralization, first of industry, and theoretically, later of government. But the city's population continued to grow by 4.6 percent a year, with bureaucrats drawn by power, businessmen by markets, and migrants by jobs.

The problem of air pollution is closely associated with the traffic, not only because cars spend hours moving slowly but also because the city's poorly serviced buses spew out thick black diesel fumes.

But the main preoccupation of the poor seems to be housing. Officials estimate a deficit of 800,000 homes. Since squatters have no legal title to their land, they are reluctant to improve their shacks for fear of eviction.

Mr. de la Madrid has organized a series of "popular consultations" to analyze the urban disaster. In one discussion, Mr. de la Madrid noted: "The inhabitants of Mexico City are increasingly irritated, frustrated and desperate about transportation. Those who most suffer are the poor, but even those fortunate enough to own a car get caught up in traffic jams that at times are chaotic and on some days are truly catastrophic."

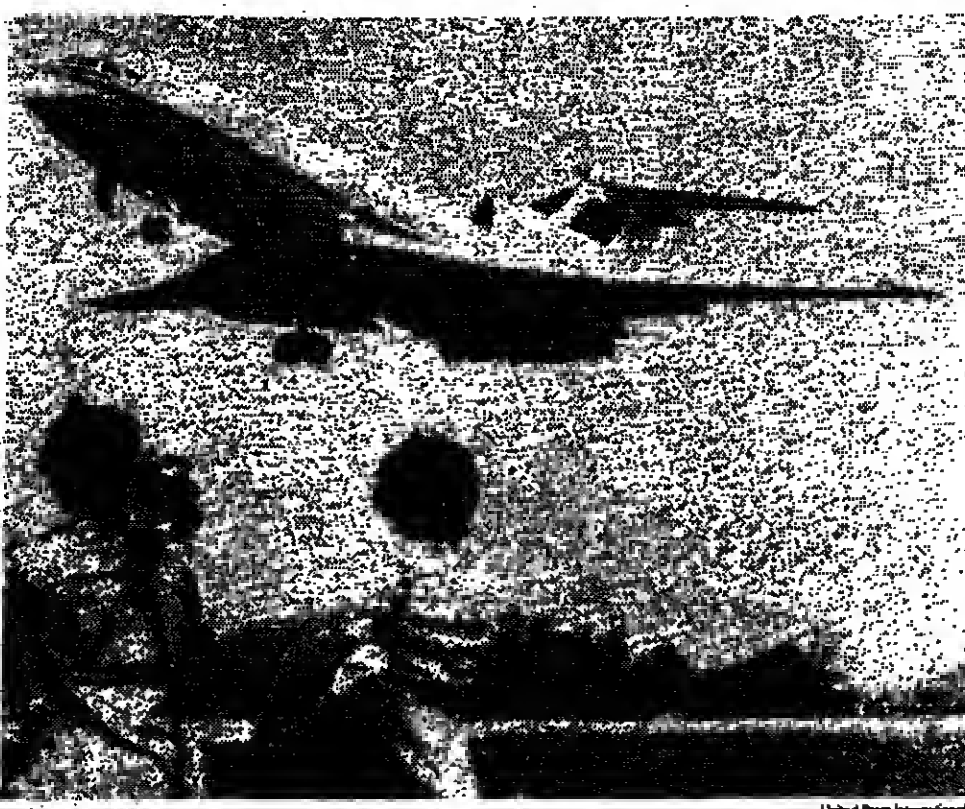
The government has few choices. While the prices of most public services have risen, transportation fares have been held down for fear of an angry reaction. A ride on the subway still costs the equivalent of less than a U.S. penny.

New housing projects and investment in water and electricity have been postponed because of the economic crisis, while increased unemployment and high inflation have brought new hardship to slums.

The investigation turned up "shocking examples of bureaucratic ineptitude and neglect" that exposed the public to "unnecessary risks," said Representative John D. Dingell, the Michigan Democrat who is chairman of the subcommittee. At the same time, he said, the agency denied Congress access to critical information to assess those risks.

The agency itself has tentatively classified about 1,100 devices as those that need to be regulated, but do not need to be approved by the agency before they go on the market. But some agency officials, including John C. Villorini, director of its National Center for Devices and Radiological Health, have said it will take 44,000 worker-years to establish standards for those devices, not to mention the 40,000 devices that have not been classified yet.

The report suggested that the law could be made more flexible, but criticized the agency for its "astounding lack of action" and its failure to consult with Congress to seek solutions to the problem.



The Chinese jet hijacked two weeks ago left Seoul on Wednesday to return to Beijing.

Taiwan Questions Seoul on Talks

United Press International

TAIPEI — Taiwan expressed "grave concern" Wednesday over the first official contact in more than 30 years between Seoul and Beijing, which were forced to negotiate over a hijacked Chinese plane, the Foreign Ministry said.

Foreign Minister Chu Fu-sung summoned Ambassador Kim Chong Kon of South Korea to the Foreign Ministry on Wednesday for the third meeting since a Chinese passenger jet was hijacked to Seoul on May 5. South Korea maintains diplomatic ties with Taiwan and has no relations with China.

A Foreign Ministry statement

said Mr. Chu "expressed grave concern and asked South Korea to clarify the testimony made by Lee Bum Suk, Seoul's foreign minister, on the negotiation with China and the relations between South Korea and Taiwan."

In testimony Monday before the Foreign Affairs Committee of South Korea's National Assembly, Mr. Lee said the talks between his government and Beijing were expected "to have favorable effects on the development of relations between our two countries in the future."

The hijacking forced South Korea and China, opponents in the 1950-53 Korean war, to have the first official contact since China

became Communist in 1949. South Korea and China exchanged a formal document on the repatriation of the hijacked plane and its passengers and crew.

But South Korea turned down a Chinese demand to return the six armed hijackers and said they would be tried under South Korean anti-hijacking laws. The trial could lead to the expulsion of the five men and one woman to Taiwan, where they were seeking political asylum.

Eighty-seven passengers and eight crew members of the hijacked plane were returned to China last week, and the jetliner arrived home Wednesday with the remaining crew member.

Cyprus Secession Plan Is Assailed

Kyprianou May Go to UN to Block Turk's Proposal

By Bruce Clark
Reuters

ATHENS — President Spyros Kyprianou of Cyprus strongly condemned as "totally irresponsible" on Wednesday a proposal that the Turkish Cypriot minority declare an independent state on its side of the island.

Mr. Kyprianou, in an interview, said his government might seek a meeting of the United Nations Security Council if such a move went ahead.

On Tuesday, the Times of London quoted the Turkish Cypriot leader, Rauf Denktaş, as saying he would formally propose that northern Cyprus declare itself independent and seek international recognition.

Mr. Kyprianou said: "I condemn completely all these threats. They are totally irresponsible."

"I think such a move would be to the detriment of the Turkish Cypriots. We are in touch with various governments and we have indicated we are watching the situation closely. If this situation continues, we don't exclude the possibility, as a first step, of convening the Security Council."

Cyprus has been divided into Greek and Turkish sectors since Turkish troops occupied northern Cyprus in July 1974 after Greek officers led an unsuccessful coup against the Cypriot government of Archbishop Makarios.

The Turkish foreign minister, İler Türkmən, said Tuesday that the Turkish Cypriot minority would declare independence if current talks between Greek and Turkish Cypriots proved fruitless. Last Friday, in what Greece and Greek Cypriot leaders hailed as a



Spyros Kyprianou

major diplomatic success, the UN General Assembly approved by 103-5, a resolution calling for the immediate withdrawal of Turkish troops from Cyprus.

Mr. Kyprianou said Wednesday: "Mr. Denktaş and Ankara are reacting to the resolution. Perhaps they didn't expect the result."

The UN resolution, sponsored by a group of nonaligned countries, was supported from three European Community states — France, Ireland and Greece — as well as East-bloc and developing countries. Other EC members and the United States abstained.

Mr. Kyprianou said he thought

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U.S. Faulted on Medical Devices

By Philip J. Hilts
Washington Post Service

WASHINGTON — The Food and Drug Administration has created a regulatory moratorium that "it has no hope of controlling" and has failed to protect the public from defective medical devices, a House subcommittee charged in a report released Wednesday.

The report of the subcommittee on oversight and investigations said the implementation of the Medical Device Amendments of 1976 has been "astounding" because the agency designated so many devices to be regulated, ranging from pacemakers to tampons, that it could not possibly complete the work necessary to check them all.

"It can be fairly concluded that the agency has known it was creating an impossible situation for itself," the report said.

The agency had no comment on the report. But a spokesman noted that officials have publicly criticized the law regulating medical

devices and advocated changing it. The law required the agency to establish a system through which companies could report deaths, illnesses and other adverse reactions from medical devices, to classify devices according to three categories of hazard, and to establish standards of safety and effectiveness for devices when the agency deemed it necessary.

But after seven years, the report said, the agency has failed to carry out any of the three key features of the law. It said:

• No system for reporting adverse reaction has been proposed, although an agency spokesman said one may be recommended soon.

• Of the 41,000 medical devices to be reviewed, only about 800 have received final classification.

• No standards of safety and effectiveness have been established for any of more than a thousand devices that the agency itself said need them.

The investigation turned up

"shocking examples of bureaucratic ineptitude and neglect" that exposed the public to "unnecessary risks," said Representative John D. Dingell, the Michigan Democrat who is chairman of the subcommittee. At the same time, he said, the agency denied Congress access to critical information to assess those risks.

The agency itself has tentatively classified about 1,100 devices as those that need to be regulated, but do not need to be approved by the agency before they go on the market. But some agency officials, including John C. Villorini, director of its National Center for Devices and Radiological Health, have said it will take 44,000 worker-years to establish standards for those devices, not to mention the 40,000 devices that have not been classified yet.

The report suggested that the law could be made more flexible, but criticized the agency for its "astounding lack of action" and its failure to consult with Congress to seek solutions to the problem.

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Herald Tribune

Published With The New York Times and The Washington Post

Conservatism Verdict

The chief executive, having won office in a surprise victory, has instituted novel economic policies, cut back on the scope of government and pursued an assertive foreign policy. The results are generally disappointing: Inflation is way down, but unemployment is at record high levels, and the promised economic growth from a liberated private sector has yet to occur. Yet the consensus is that the chief executive will win a second term in office for her party.

Yes, we're talking about Britain and Margaret Thatcher. Reagan boosters in the 1980 campaign liked to cite Mrs. Thatcher, who became prime minister in 1979, as a precedent. Later, as the British economy foundered and her popularity fell, one could hear from the White House that these two conservatives were actually following different policies. But if Mrs. Thatcher's Conservative Party wins a second term in the June 9 election, as predicted, talk about the similarities may again be in the air.

Working in favor of Mrs. Thatcher is the weakness of the opposition Labor Party. Its policies of unilateral nuclear disarmament, withdrawal from the European Community and more state involvement in the economy are not popular, and few voters appear to see its leader, Michael Foot, as a strong prime minister. Its working-class base, moreover, has been shrinking. Under stronger leaders, with

more popular policies, the Labor Party since 1970 has won no more than 39 percent of the votes — about what George McGovern won in 1972. Labor is getting about 34 percent in the polls now.

The outcome is not certain; the party of the prime minister who called three of the last four British elections has lost. And the British parliamentary system — so often ballyhooed as a panacea for U.S. problems — allows a party with limited support and strong opposition to win and to govern, if the opposition is split. That's not the case now: Mrs. Thatcher's Conservatives are getting about 47 percent in the polls, while the Social Democratic-Liberal alliance has about 17 percent. But if the alliance, which led the polls in Britain before the Falklands War and has respected leaders, should gain votes, the race could tighten up.

So there are plenty of special circumstances in distinguishing the British situation from the American. A Thatcher victory in 1983 is an guarantee of a Reagan victory in 1984. Moreover, though in Britain's 212-party system 47 percent of the vote is a landslide victory, in the United States in a two-candidate race it's a defeat. Still, a Thatcher victory, on the heels of the Christian Democratic victory in West Germany last March, would refute part of the conventional wisdom that parties of the right cannot win in times of high unemployment.

— THE WASHINGTON POST.

Boat People Launched

Stand next to Marjorie Russell, a sewing teacher in Portland, Oregon, and you see one reason for the Senate to pass the Simpson-Mazzoli immigration bill. She teaches in the old brick Neighborhood House, where refugees from Hitler once learned English and table tennis. Now it's a center for Indo-Chinese refugees, where shy Laotian and Hmong women bend over sewing machines, spinning out knee pads for loggers.

Next go to Miami, to see the progress of boat people of a different kind. "Escoria," they were called when Fidel Castro ejected them in 1980 — scum. Yet many of the 120,000 outcasts were genuine refugees. After three years they still find life hard in the United States. But many are making their way.

By one estimate, 85 percent have become self-sufficient. Fears of a juvenile crime wave have evaporated. This migration has produced its first college graduates, and public school students at the top of their classes. All told, one educator said, "it is a kind of miracle that these people have been able to survive here and make the progress that they have."

It's not the first time the United States has seen the melting pot work. Yet the romance is fading fast. "Immigration" used to evoke popular, patriotic images, such as "The Education of Hyman Kaplan," and examples such as Toscanini and Einstein. Now it evokes fears of more unemployment — and less social welfare money — for Americans.

With the fears come some ugly reactions. Washington has paid in Americanize the boat

people. But this year the help is being cut off with savage suddenness. More generally, Americans seem increasingly unwilling to distinguish between desired immigrants, needy refugees and illegal gate-crashers. There's pressure to close all the doors.

That's where the Simpson-Mazzoli bill comes in. Immigration should be limited, and this bill offers a sensible, humane way. By making it unlawful for an employer to hire illegal aliens, it would turn off the money magnets that attract them. That, in turn, would relieve the pressure to cut down, indiscriminately, on legal immigrants and refugees.

The United States needs them, whether to fill labor shortages, reunite families or meet compassionate responsibilities to boat people like the Indo-Chinese. Anna Quindlen of The New York Times recently told the story of one of them, a high school student from Queens, New York, named Neil Lau. Here is how he began his college application essay:

"I was released from jail in October 1978 and was on a boat in November... for my second attempt to escape from Vietnam. I had a chance to reflect upon my life during those next two days. I thought about where I had come from and where I hoped to be going, but given the experiences of the previous four years, I was not certain that my future would be any longer than the boat ride."

Next fall Neil Lau will enroll at Colgate University in Hamilton, New York. His future is worth protecting. So is the American dream.

— THE NEW YORK TIMES.

Bridging the Gap

Is the industrial heartland of the United States, from the steel towns of Pennsylvania across the Great Lakes states, now becoming the nation's poorest? Are the big cities of the Northeast now the places most in need of federal help and assistance? Not quite, in either case, and probably not ever.

Per capita incomes in the major industrial states, according to the Commerce Department's recently released figures for 1982, cluster around the national average. And increases in incomes in the Northeastern states in 1981-82 were well above the average. Nationally, per capita income rose 5.3 percent, just under the inflation rate, but in 14 states it rose more than inflation, and nine of those states were in the Northeastern region.

To understand why people and politicians in the industrial and Northeastern states feel they have fallen behind, you have to take a longer historical view. The industrial states' income levels cluster around the national average now because wages there, for people who have jobs, tend to be well above the national average, but fewer people have jobs than had them last year or the year before that. In 1940, Illinois' income level was 27 percent above the national average, Michigan's 14 percent above, Ohio's 11 percent. In 1982, Illinois was only 10 percent above the national average, Michigan even with that figure, and Ohio 2 percent below it. Texas, in contrast, had an income level 27 percent below the national average in 1940, but it was 3 percent above in

1982. In 1940, Mississippi's income levels were one-fourth those in New York. In 1982, Mississippi still ranked last among states but its incomes were five-eighths those in New York.

That change in relative position stands for a vast change in standard of living. The United States in the New Deal years was almost two countries: a large part of the nation was a kind of underdeveloped country, where subsistence farming and trade by barter were important. Now Mississippi and New York are recognizably part of the same nation.

There are, naturally, consequences here for public policy. The large Northeastern and industrial states are having a hard time supporting the public spending programs they initiated when they were far richer than the rest of the nation. There may be less reason now than there once was for federal programs that, in effect, distribute revenues from rich states like New York in poor states like Mississippi.

In practice, the strife over distribution formulas gets more intense: historically rich states suddenly feel needy, while historically poor states are in on mood to relinquish what they are used to. What we need to keep in mind, as we listen to these acrimonious debates, is that they signal not the failure of those federal programs but their success. The industrial and Northeastern states have some real problems. But their relative decline is exactly that. It is one result of a benign trend: the nationalization of income.

— THE WASHINGTON POST.

FROM OUR MAY 19 PAGES, 75 AND 50 YEARS AGO

1908: The 'Biggest American'

PARIS — Dr. W.H. Hurland, the discoverer and restorer of the biggest American that joined the summer rush to Europe, arrived in Paris (day before yesterday). Dr. Hurland is here on behalf of Mr. Andrew Carnegie, to install a diplotocous, a gift to President Fallières. The biggest American, Mr. Diplotocous, of Sheep Creek, Wyoming, is at the Musée d'Histoire Naturelle, where an entire hall has been prepared for its reception and permanent housing. This will be the third cast of the famous diplotocous, which is the largest and most perfect diplotocous ever recovered from the graveyards of the prehistoric animal kingdom, is in the Carnegie Museum at Pittsburgh.

1933: Milk Strikers Arrested

APPLETON, Wisconsin — Clubs and tear gas bombs quelled a mob of 1,000 dairy farmers after a furious battle in which much milk and considerable blood were spilled in a successful effort by policemen to prevent the "milk strikers" from enforcing an embargo on Appleton. Fifty strikers were arrested. The march on Appleton came after four days of agitation by dairy farmers, who declared that until milk prices rise they will force the public to go without dairy products. Tear gas was used to disperse the mob after 15,000 gallons of milk had been poured into roadside ditches. As many producers have joined in the movement to keep milk away from the cities, milk prices have risen in some instances.

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International Herald Tribune, 181 Avenue Charles de Gaulle, 92200 Neuilly-sur-Seine, France. Telephone 747-1265. Telex 612718 (Herald). Cables Herald Paris.

Directeur de la publication: Walter H. Thayer.

Gen. Mgr. Asia: Alain Lecour. 24-34 Hemyway Rd. Hong Kong. Tel. 5-281618. Telex 61170.

S.A. au capital de 1,200,000 F. RCS Nanterre B 732011126. Commission Paritaire No. 34231.

U.S. subscription: \$230 yearly. Second class postage paid at Long Island City, N.Y. 11101.

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The UN Could Develop A 'Star Wars' Defense

By Richard H. Ullman

PRINCETON, New Jersey — If President Ronald Reagan is serious about developing leak-proof anti-missile defenses to enable the United States to cease relying on "the specter of retaliation" for escaping mass destruction, he should assign the task in the United Nations.

The United Nations? The organization that so often, when the chips are down, seems so impotent? The eyes glaze over. But before dismissing the notion, consider the following:

The president correctly decries as "unthinkable" the vision of "an endless future with both of us sitting here with these horrible missiles aimed at each other, and the only thing preventing a holocaust is just so long as no one pulls the trigger." But he incorrectly supposes that there is a unilateral way out. Only a combined effort in developing anti-missile defenses — one that joins the resources of the United States and the Soviet Union — can prevent a separate effort by one country from gooding the other in developing countermeasures, thus fueling the ever more dangerous arms race that Yuri Andropov envisioned in a recent letter to American scientists.

Mr. Reagan himself suggested that in 20 or 30 years, when the United States may have reached the new technology, whoever is president "could offer to give that same defense weapon to [the Russians] in prove in them that there was no longer any need for keeping these [offensive] missiles." That suggestion misses the point, however. A prudent Soviet leader would scarcely wait until 2003 to see if the occupant of the Oval Office were well-disposed. The Kremlin would suppose that Washington would use its new-found invulnerability in force concessions from Moscow. After all, that is what Moscow might do if the tables were turned and it held the technological trump cards.

But would a joint effort mean shar-

ing the most closely held secrets of space-age research? Of course it would. Only open collaboration could reassure either side that the other was not on the verge of a breakthrough that would suddenly enable it to render its opponent helpless. For both governments, accustomed to secrecy, the price would seem high. But the price — in resources and in international tension — of maintaining the wall of secrecy would be very much higher.

Soviet-American collaboration is the essential precondition for assuring that an effort to develop anti-missile defenses would not merely engender greater uncertainty and therefore greater fear. But once national secrecy was breached, placing the effort under UN control would provide crucial benefits. The scientific community upon which Mr. Reagan called is international, not national. So is the distribution of wealth.

The United Nations could recruit scientists and funds from many countries. After all, the sword of nuclear war hangs over the whole world. Assuming the Star Wars technology could be made to work, a UN space station would be able to intercept a Soviet missile on its path toward North America. It might also intercept a Libyan missile aimed at Israel or a South African missile aimed at one of its neighbors. If such attacks seemed likely, the cause of nuclear nonproliferation would advance substantially.

Whether the technology can be made to work is, of course, the crucial question. Since the president's speech, on March 23, respected scientists have stated that, desirable as it may be, a leak-proof shield against offensive missiles cannot be achieved. That uncertainty makes it all the more imperative that the effort should be international, its results made public, with any defensive systems actually deployed placed in international hands under arrange-



ments making national vetoes impossible.

Such arrangements imply far-reaching changes in Soviet-American relations. The two would not have to agree on every divisive issue. But they would have to agree that it is intolerable to maintain the peace by mutual threats of mass extermination. They would have to limit their strategic offensive forces in ways that would prevent them from subverting the anti-missile regime, ultimately they, and other nuclear powers, should be able to drastically reduce their offensive missile forces.

Finally, it should be emphasized that a UN missile defense, radical a

change as that might be, would not eliminate the scourge of nuclear war. Aircraft, cruise missiles and terrorists with suitcase nukes also deliver nuclear weapons. They may not be as rapid as ballistic missiles, but they are no less deadly.

The president has proposed a technical fix that just might be made to work. Ridding the world of nuclear war implies a political fix that would be even more difficult to bring about.

The writer, a professor of international affairs at Princeton University, is a visiting member of the Institute for Advanced Study. He contributed this column to The New York Times.

Two Aspects of Nigeria: A Snap in the Air...

By Jonathan Power

LAGOS — On the high-speed road from Ibadan to Lagos was a truck racing along at the breakneck pace usual for this part of the world. Embarking on the truck driver's logbook summed up part of it. By and large, Nigerians are not embittered by what has happened to oil prices. There is an effectiveness in this society that has no parallel in the rest of Africa.

It manifests itself in myriad ways. You can see on the hottest, most humid days people running to work or to an appointment. Jogging shoes are one of Nigeria's principal imports. Billboards are splashed with advertisements for body-building vitamins. The traffic pounds down four-lane highways. When traffic jams up in the cities, hawkers try to sell motorists everything from soap to chandeliers, indeed appearing earnest enough to sell you your own car if you stepped out of it for a moment

to stretch a limb. As Olusegun Obasanjo, Nigeria's last military president, notes, it is as if Nigerians believe today is their last day on earth.

Is this capitalism gone mad? Some may think so. General Obasanjo comments: "It's just buying and selling, not producing." Yet, while there is some truth in this, and Nigeria is in danger of having built many of its new concrete castles on shifting sands, this is not the whole picture. It is generally accepted that Nigeria has misapplied much of its vast oil revenues. The stories of a floundering bureaucracy, six-month delays at the ports, a new capital city at Abuja costing millions of dollars with little to show, can be repeated ad nauseam. Yet to other country in Africa, except South Africa, has a road system as

developed or well-managed. School buildings have bounded ahead and business deals are still being made by the minute.

Perhaps foreign businessmen are the best litmus. They may grumble (and there is much to try their patience), but the overwhelming majority of them are staying put. Some made annual returns on their investments of 200 to 300 percent in the good years, and now they are prepared to keep in some of their own reserves to bring up the goodwill and retain their foothold. A diplomat observed: "They are not here because of some missionary appeal — they are here to take a risk."

The business community is relatively sanguine. There is a degree of optimism that oil prices will return to higher levels once the Western economy moves out of recession, and a recognition that this society, like that of Brazil on the other side of the South Atlantic, is unmistakably on the move.

... and Trouble That Needs U.S. Aid

By Jean Herskovits

PURCHASE, New York — The next three months are critical in the future of democracy in Africa. Nigeria, a major oil producer and the world's fourth-largest democracy (its 90 million people constitute a quarter of Africa's population), is in the midst of an intense political campaign leading to elections in August. In 1979, the army handed over power to an elected government with a constitution based on the U.S. model.

This test of Nigeria's fledgling democratic institutions comes at a time of dire economic circumstances, created in large part by the world recession. Fifty years ago, depression brought down democracy altogether in Europe, and as a U.S. banker commented recently, "the present conditions in Nigeria would topple any government in the West." The U.S. government and American banks should join European banks to alleviate the pressures.

As a member of the Organization of Petroleum Exporting Countries, Nigeria benefited accordingly after 1973. But expenditures rose as fast as revenues, and since 1980 incomes have fallen 45 percent. Worldwide recession, conservation and anticipation of a sharp drop in prices halved and halved again the oil exports that still earn 90 percent of Nigeria's foreign exchange. Shortages of spare parts in the manufacturing sector threaten to cripple industry and compound already serious unemployment.

More than half of Nigeria's people can subsist off the rural economy if they must. But for millions in the cities, finding food may become a serious problem. Bread (whose consumption is encouraged by imported American wheat) has replaced cassava, yams and rice as the cheapest staple, and wheat imports are paid

for in dwindling foreign exchange. Mountain unemployment and scarcity of bread in the cities would be serious at any time, and the combination is particularly dangerous in the volatile political climate created by the imminent elections. Political violence figured heavily in the demise of Nigeria's post-colonial parliamentary democracy in the 1960s. And, given the intense rivalries of Nigerian politics, it is not hard to imagine that some people would encourage the jobs — especially non-Nigerians with no stake in preserving political stability — in intimidate opponents and voters. This possibility underlay the unfortunate explosion, in January and February, of two million illegal immigrants, most living in cities and many of them unemployed.

Nigerian elections are often a time for bread and circuses. But economic circumstances have made a difference this time. In the past year, President Shagari has implemented two sets of austerity measures, including cutting back severely on imports and revising debt servicing procedures. He is determined to maintain these measures and has opened talks with the International Monetary Fund. Nigerians say the crisis may be salutary, forcing them to confront skewed priorities and corrupt practices. Still, no economy can be restructured overnight.

At the moment, Americans are compounding Nigeria's problems. Oil producers in trouble don't get much sympathy in the United States. Nor do Third World debtors. And U.S. banks are nervous about their overexposure in Brazil, Mexico, Zaire and Poland. By comparison, Nigeria's long-term debt — less than \$10

billion — is relatively small (Mexico's is \$85 billion, Venezuela's nearly \$30 billion, Poland's \$27 billion). And the Nigerian debt is being dutifully serviced. But U.S. commercial bankers and the administration, which have already rescued some major debtor countries, have not been eager to help Nigeria through its short-term crisis of commercial arrears and credits for essential imports.

Nigeria is hardly a model of economic management, but thanks to its government's determination to live within its means throughout the oil boom years, the economy is essentially sound and could sustain a larger long-term debt. Recently, trying to salvage its increasingly desperate situation, Nigeria played a critical role in stabilizing world oil prices. Exports have picked up, but not enough.

A Saudi loan and an IMF agreement are mentioned as palliatives, down the road — too long a road. In the short term, before such arrangements are in place, U.S. and European banks should step in flexibly with short-term credits. The U.S. government can support them with nonconcessional assistance such as commercial-credit guarantees. IMF loan conditions, which are expected to be in place by early fall, should encourage bankers to act now.

It is in the United States' interest to respond flexibly and urgently to help Nigeria maintain the stability of its democratic institutions. Nigerians are determined that their democracy shall survive. The citizens of the U.S. democracy should help.

The writer, professor of history at the State University of New York at Purchase, recently returned from one of her frequent visits to Nigeria. She wrote this article for The New York Times.

LETTERS TO THE EDITOR

Lebanon's Future

Regarding "A Blacked Candy, a New Testament, a Frisbee" (IHT, March 16):

Dan Connell is doubtless greatly concerned about the situation of the residents of Lebanon in the aftermath of the devastation, havoc and intimidation created by the Israeli invasion of Lebanon in the summer of 1982 and the continued presence of its military forces in many parts of the country.

However, with regard to the fate of the civilian Palestinian population residing in Lebanon, Mr. Connell makes sweeping statements that need rectification. It seems to me more to the point to quote Lebanese official sources regarding the number of

Palestinians that Lebanon will continue to harbor, rather than the announced intent of militias or other unauthorized persons. The Lebanese foreign minister has on several occasions said that Lebanon will accept all Palestinians who sought refuge in the country in 1948 and who carry proper documents to that effect and these number approximately 250,000 and certainly not 50,000.

Those Palestinians and other foreigners who have been refused residence permits do not have the proper documents and in many instances carry false papers.

As to the fear among refugees that withdrawal of foreign troops will trigger a new bloodbath, may I point out that these have been perpetrated only in areas not under the control of

the legitimate Lebanese authorities, but under the domination of those same foreign troops. A case in point is that the Beirut massacres occurred in Sabra/Chatilla camps, which were under Israeli control.

AFAF MINKARA, Beirut.

Gurkha Comment

Regarding "Gurkhas' Myth of Feat Gets Lease on Life After Falklands War" (IHT, May 3):

I'm surprised that Garcia Marquez acknowledged that there "may" have been something wrong with his numbers. He has always been so accurate in criticizing and firing cheap shots at the United States.

Could it possibly be that the prestige obtained by winning the Nobel Prize has gone to his head? It's a pity that a writer of his stature should demean himself to such journalism.

MARCO N. SAINATI, Barcelona.

Lebanon Tragedy

Many Americans died in the Second World War thanks to their efforts to help get Adolf Hitler's army out of Europe. If they choose to go on dying in order to keep a similar army, "inadvertently" responsible for massacres, tortures and round-ups of civilians, in Lebanon, then that is their business.

PETER TODD MITCHELL, Barcelona.

U.S. Land, Resources In Danger

By William A. Turnage

LOS ANGELES — After an eight-month investigation, a House subcommittee has documented what the Wilderness Society has been charging for nearly a year: Secretary of the Interior James G. Watt is trying to give away the United States' natural-resource wealth to private industry.

In a 121-page report, Watt was called to task for allowing coal companies to obtain federal coal at "fire-sale" prices and failing to ensure that the public gets fair market value for its coal. But what the report neglects to mention is that Watt's coal "give-away" is only a small part of a zealous, ideologically based campaign by the Reagan administration to turn over to corporate interests the lands and natural resources rightfully belonging to all Americans.

This transfer of national wealth to private hands has come in the form of "privatization," or "asset management" — a misnomer if there ever was one. Its most obvious component is the sale of public lands.

When the program was announced and the Property Review Board created to manage it, the administration implied that only "surplus" government properties were due for the auction block. But it has become clear that the administration has set its sights on valuable natural-resource lands. In March it was announced that the U.S. Forest Service had selected for possible sale about six million acres of national forests.

Advocates of privatization argue that these lands are liabilities. Their arguments bear little (if any) resemblance to economic and land-management realities. It is shortsighted to finance budget deficits through the sale of valuable resources. If properly managed, these resources are capable of generating billions of dollars in revenues year after year. Moreover, these advocates rather cavalierly overlook the many values of the public lands — watershed protection, recreational opportunities, scientific research, wildlife and wilderness preservation — that cannot be easily replaced once alienated or destroyed.

Clearly there are surplus government properties and isolated parcels of federal land with no public value. They should be sold where possible. But the Forest Service proposal and the Property Review Board's program go far beyond this, violating the Federal Land Policy and Management Act and the National Forest Management Act.

These laws were enacted in the 1970s because Congress concluded that the remaining U.S. lands were invaluable and should therefore be retained in perpetuity and managed for "multiple use." This means that commercial values of public lands — timber, oil and gas, hardrock minerals — must be balanced against other important but "nonmarket" values: the vast U.S. heritage of historical, cultural, recreational, wildlife, watershed and wilderness resources.

Congress further mandated that comprehensive land-use plans be drawn up to ensure that each land "unit" was managed in the manner most beneficial to the public.

The administration's privatization program flies in the face of these sound land-use principles. Before the necessary studies have been completed (or in some cases even begun), the administration is targeting certain parcels for sale — not because a comprehensive study determined that their sale would be in the public interest but because of some predator, mineral and ideological revenue goal.

If, as the administration claims, its aim is to dispose of isolated parcels of land no longer needed by the public, it has ample authority under a variety of statutes — the General Excise Act of 1922, the Weeks Act of 1911, the Sikes Act of 1967, among others — to achieve this goal. Moreover, truly isolated parcels of federal land have traditionally been traded for other lands to consolidate, or "block up," the national forests so that they can be managed more effectively and provide better recreational and economic opportunities.

This administration, like those before it, certainly should consider this option first. A fire sale solves nothing, saves nothing and irreparably damages the quality and value of one of our greatest public treasures.

Finally, I am not persuaded that the forests and public lands targeted for sale are unneeded or have no regional, public or scenic value. For example, the Forest Service's list features thousands of acres in California's spectacular Big Sur area — including Pfeiffer Beach, which last year had more than 90,000 recreational visits. Also being studied for sale are the watersheds for Tacoma and Everett, Washington — a region where the protection of water supplies is critical: since overcutting of nearby private timberlands has caused serious water-quality problems. Another remarkable example is the 136,412 acres of the Kiowa National Grassland in New Mexico, which may be for sale even though it provides vital wildlife habitat.

The administration has failed to give a clear picture of the proposed forest and public-land sales. The privatization program is far more sweeping than the administration admits.

The writer, executive director of the Wilderness Society, contributed this article to the Los Angeles Times.

Letters intended for publication should be addressed to the editor and contain the writer's signature, name and address. Brief letters receive priority, and letters may be abridged. We cannot acknowledge all letters, but we value the views of the readers who submit them.

THURSDAY, MAY 19, 1983

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FRANCE

A SPECIAL REPORT

EC Fears Fade; Rift Is Averted

By Craig Anderson

BRUSSELS — A year ago, there were worried faces at the European Community headquarters in Brussels. With President François Mitterrand in the Elysée Palace and full details emerging of plans to help French companies win back the domestic market, it seemed possible that Paris and Brussels would clash.

Seriousness of the French initiatives for "reconquering the internal market" was intense and unprecedented by EC officials who were concerned that a protectionist trend within France could harm the 10-nation community.

Sector by sector, EC officials examined programs involving special deals for textiles, footwear, furniture, toys, machine tools and microelectronics to determine their compatibility with EC rules on import barriers, state aid and government incentives.

Now, 12 months later, initial fears have largely evaporated. Commission officials are weeding out elements of French industrial and commercial policy that are regarded as contrary to EC rules on competition and free trade. But the all-embracing program drawn up by France's Socialist administration is no longer seen as a threat to EC stability or to relations between the community and its main trading partners.

The reasons for this change in attitude appear to be simple. First, some projects have failed to make the transition from rhetoric to reality. Others have turned out to be simply a coordination of existing policies. "There was a lot of window dressing," said Bernard-Jan Van Voort, a senior aide to the EC's competition commissioner. "Various measures were presented as new plans when in fact they were just a new form for already existing policies."

"Also, a number of intentions have not been achieved, either for budgetary reasons, due to criticism from outside — including from ourselves — or because of conflicting national interests, between traders and manufacturers, for example."

Nor has the attempt to persuade the French people to buy French worked as hoped.

"You can see in the statistics that however much they have tried to do it, it did not really help," said Mr. Van Voort. "The deficit vis-à-vis the other European countries has risen rather than diminished."

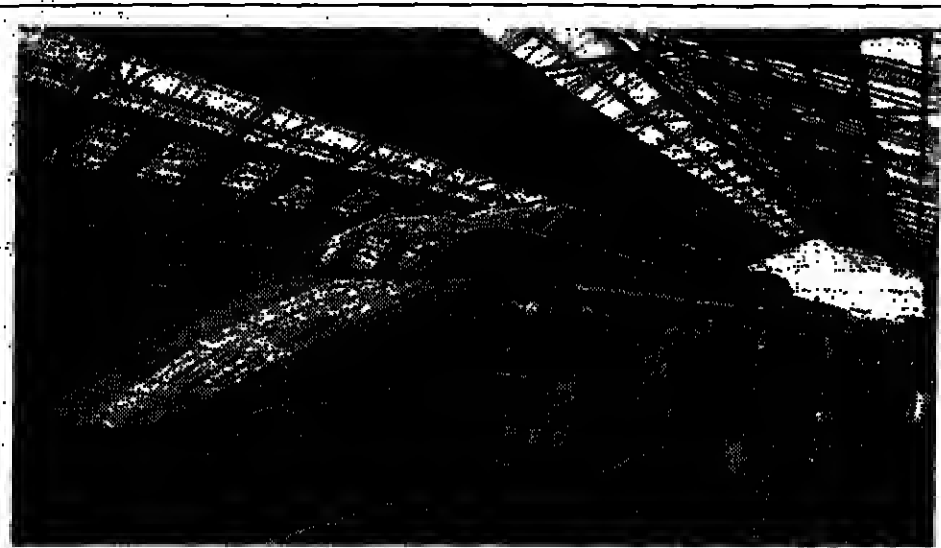
"We have investigated it, and we do not have the impression that the 'reconquête' policy has been very successful in that respect. I think you could say in fact that what is going on in France today under the umbrella of the 'mesures françaises' is not very different from what has happened in France over the past decade."

Not every plan has failed to materialize, however. France went ahead with programs to aid the country's textile industry through sizable injections of public money despite a subsequent decision by the EC that the plan did not fit the organization's requirements on state aid to firms reporting losses.

The commission has persuaded the minister in charge to enter into negotiations to work out an acceptable plan. The commission argues that the French plan would have meant substantial investments to modernize the industry without parallel layoffs.

This would only have served to boost production in an industry that is already crippled by excess capacity. This would run directly counter to EC competition policy at a time when competition commissioner Frans Andriessen has singled out state aid as the key threat to the maintenance of free competition between European firms.

The French government attracted attention beyond Europe as well, (Continued on Following Page)



A TGV from Geneva arrives at the Lyons railroad terminal in Paris.

TGV, Lille Metro Lead Mass Transit Achievements

By Harriet Welty Rochefort

LILLE — French successes in the aeronautical industry from Airbus to Ariane are well known. Less widespread, however, is recognition of the giant steps the French have made in developing mass transit systems.

Over the last decade, French engineers have developed the high-speed train known as TGV, for Train à Grande Vitesse, which by the fall will shave another 30 minutes off travel time from Paris to Lyons, making the trip in just two hours. The sophisticated technology of the Paris Métro has been exported to such diverse spots as Montreal and Mexico City. And in the northern French city of Lille, the first entirely automated Métro in Europe is beginning service.

Experts attribute much of the impetus for developing efficient, urban mass transit systems to a European tradition of political involvement in public transportation. For instance, in France, (Continued on Page 95)



Young passengers crowd around front window of the driverless Lille Métro train.

Economic Crisis Becomes Mitterrand's Leading Foe

By Axel Krause

PARIS — Just two years after his tumultuous victory, President François Mitterrand is waging an increasingly tense battle to achieve some of the goals for which he and his government were elected — easing France out of the recession, while pursuing reforms of the beleaguered economy and abuses in the nation's social and administrative systems.

But that task is proving increasingly difficult amid widespread disillusionment in France and uncertainties over whether he can succeed in imposing a strategy that has evolved from its initial — and lofty — expansionary tenor into a decidedly tough, pragmatic and restrictive approach to what now is the nation's number-one problem — the economy.

The combination of complex, related domestic and international pressures have created formidable headaches. The weakened franc, for example, is under steady downward pressure largely because of widespread perceptions in the international banking community that the government will be unable to control prices and spending. Government financial strategists, who have been forced to borrow heavily to defend the franc, despite restrictive monetary and fiscal policies, blame its predicament on the strong dollar and high U.S. interest rates.

Even taking into account the austerity program, the consensus among many political observers is that the Mitterrand government has only a slightly better-than-even chance of solving France's three most pressing economic problems: chronic inflation, a growing trade deficit and widespread unemployment. Why?

Many conservative opposition groups and even some leftist leaders argue that the Socialists are unable to run the country efficiently because of their internal divisions and because they have failed to win the confidence of the private business and banking community inside and outside France. In order for the Socialist's austerity measures to succeed, said former president Valéry Giscard d'Estaing, "the economy must be dynamic...to liberate the productive forces of the nation."

Labor union leaders, Communists and radical Socialists are complaining that Mr. Mitterrand has virtually abandoned his basic commitment to spurring job-creating growth and reforming French society. Some are openly urging the government to move leftward with new government spending programs, protectionist trade measures, backed by a more "independent" policy with regard to the rest of Europe and the United States, including withdrawal from the European Monetary System.

Meanwhile, reflecting a disgruntled national mood, recent opinion polls show the popularity of both Mr. Mitterrand and Prime Minister Pierre Mauroy slipping steadily. A recent poll showed that 60 percent of those interviewed were convinced that the government's austerity program will not succeed; 37 percent



President Mitterrand

blamed the errors of the left for what is widely described throughout France as "la crise."

"Things are hardly going well for Mitterrand," said a senior diplomatic official, but he quickly added: "The situation is not nearly as bad as many people are saying, particularly those on the right...France today is not on the verge of a new upheaval." Although that view contrasted sharply with recent violent student protest demonstrations throughout France and the threats of possible widespread labor disturbances in the autumn, the Socialist government appeared determined — and well positioned — to continue its present course.

No new legislative elections are scheduled before 1986 and Mr. Mitterrand's term runs until 1988. Earlier this month, Paris Mayor Jacques Chirac, who as head of the neo-Gaullist party remains the key leader of the opposition, recently called for "the abatement of the conflicts" and urged that everyone focus on working toward what he termed "national recovery."

Mr. Chirac, who is not known for hiding his political ambitions, has deliberately avoided calling for early parliamentary elections. Following a recent reshuffling and streamlining of (Continued on Following Page)

Growth of Nuclear Defense Deterrent Has Brought Both Prestige and Problems

By Joseph Fitchett

PARIS — The continual growth of the French independent nuclear deterrent, accelerated by the Socialist government, has brought France both prestige and a new crop of problems with allies in Europe and potential adversaries such as the Soviet Union.

The problem vis-à-vis France's allies is military: How can France, without rejoining NATO's command, throw its weight into the Western scale, helping maintain the balance of power in Europe and reinforcing deterrence?

With the Soviet Union, the problem is political. As France acquires more warheads capable of hitting Soviet territory, Soviet leaders increasingly contend that French forces should supplant U.S.-operated missiles in Europe — or at least be counted against them in totals under discussion in arms control talks.

French planners, explaining these concerns, say that the two problems come together for France in West Germany, the country lying between France's border and the Warsaw Pact countries. The challenge, they say, is to enhance French strength in order to reassure West Germany as an ally and keep stability in Europe, while avoiding any measure that would

strengthen anti-nuclear, pacifist factions in Europe or weaken U.S. involvement in the defense of Europe.

So, when the Soviet leader, Yuri Andropov, recently hinted at a possible reduction of Soviet SS-20 missiles to a level that corresponded to the number of French and British nuclear missiles, French officials immediately rejected the suggestion, arguing that U.S. weapons are needed in Europe to restore the East-West equilibrium, which has slipped recently toward a Soviet advantage.

Outspoken French statements on East-West strategic debates of this kind is a new, major political factor in the defense policy of President François Mitterrand. France has been largely silent on such questions for 15 years, since De Gaulle withdrew France from the North Atlantic Treaty Organization. Now, however, as François de Rose, former French ambassador to NATO, noted: "The present French government has shown more public concern over the problems of defense within the framework of the alliance than its predecessors."

The French government has vigorously supported NATO's plans to deploy new U.S.-controlled Pershing 2 and cruise missiles in West

Germany, Britain and Italy to match the SS-20s being installed on Soviet territory. Mr. Mitterrand, during the recent West German election campaign, used an appearance before the German parliament to call for stronger Western nuclear deterrence. To reinforce the French argument, he took an unprecedented step for a French leader, offering political discussions with West German Socialists, the missiles were an important issue.

Mr. Mitterrand's speech was seen widely as providing support for the firm pro-NATO stand of West Germany's Christian Democrats. In the election campaign that led to the party's defeat of the West German Socialists, the missiles were an important issue.

Underlying Mr. Mitterrand's new public diplomacy on defense issues, the Socialist government last month provided unusually detailed public explanations of its military planning when it released a proposed defense budget for the coming five years.

The spending showed a pattern of increasing emphasis on nuclear deterrence at the expense of conventional forces, but it also revealed an interesting new development — a new battle group intended to enable France to play an

more effective role in the event of a Warsaw Pact attack.

Some commentators remain skeptical about the Socialist's plans, pointing out that French economic problems may undermine the ambitious military blueprint. Indeed, much of the heaviest spending in the five-year plan comes only in 1988, after the next French elections.

But there is general agreement that the Socialist government is significantly modernizing France's nuclear strike force, the *force de frappe*. In addition, the government is trying to tackle the problem of how to fit France's independent deterrent into a wider Western context covering the defense of Europe.

The Socialist's defense budget, as explained to reporters by a close adviser of Defense Minister Charles Hernu, will modernize the French nuclear forces to remain a credible threat to the Soviet Union beyond the year 2000.

At present, the *force de frappe* consists of five ballistic-missile submarines, and a sixth nearing completion: 18 land-based missiles in silos in southeastern France and about 30 aging Mirage IV bombers.

The proposed defense spending — planned to increase by 11 percent in real terms by 1988, a

rate exceeded in NATO only by the United States — will enable France to more than triple its number of warheads by the mid-1980s.

This increase will be achieved by continuing the plan to fit all the ballistic missile submarines with a new missile, the M4E, which carries six warheads instead of the single warhead on the current generation of French missiles.

In addition, the Socialist government is planning a seventh submarine and a set of measures to improve the survivability of France's military command and control system — including airborne radars and an airborne command post. The defense budget also calls for a nuclear-tipped standoff rocket for French bombers and a mobile intermediate-range nuclear missile.

A significant new development, elucidated in recent articles by General Lucien Poirier, who is a leading French strategist, and by Pierre Loucheur, a defense commentator, is the formation of a rapid action and assistance command — a battle group known in French as FAAR. This force, consisting of five divisions and including a unit of antitank helicopters, will be capable of intervening in Africa and the Middle East, and of providing French reinforcements for Western conventional defense against a Warsaw Pact attack. Its existence should reas-

sure West German and U.S. leaders (and worry Soviet planners) that France is committed to helping repulse any Soviet attack so that NATO does not have to resort to nuclear arms to compensate for any weaknesses in Western conventional forces.

France is also developing new tactical nuclear weapons — including the air-to-ground standoff missile for bombers — as well as a new form of nuclear artillery known as Hades.

But the Socialist government adheres in public to the Gaullist theory of French nuclear strategy, saying that the *force de frappe* would only be used as a last resort in the event of an invasion of France.

Any attempt to suggest that France might use battlefield nuclear weapons to defend West Germany, officials say, would invite criticism from French Gaullists and disbelieve on the part of Soviet planners.

In addition, the argument that the *force de frappe* defends only France, not the West, helps the Socialist government reject Soviet claims that U.S. arms in Europe should be reduced as French forces grow.

But the political dilemma will become more acute as France's nuclear forces become more sophisticated, French officials said.

Widening Economic Crisis Strains Ties With U.S.

By Clyde H. Farnsworth

WASHINGTON — A profound distrust of each other's economic prescriptions is keeping all warmth out of the dialogue between France and the United States, despite what is perceived here as President François Mitterrand's increasingly Atlantic-oriented foreign and defense policies.

The snap from left to center in the March 25 austerity program, followed by the student and shopkeeper demonstrations this month in Paris, has produced less a reaction of sympathy in Washington than a muttering of "I told you so."

While no love is lost for France in the U.S. Treasury, in both the State Department and the Pentagon the feelings are not all that cold toward an ally who has pointed the finger at Soviet "aggression," worked toward closer French integration into the North Atlantic Treaty Organization military command and expelled 47 Soviet officials accused of espionage.

General Bernard Rogers, NATO's chief military man, has gone so far as to praise the "extremely close cooperation and coordination" that now exists with French military forces, which while true is still the cause of a little embarrassment in Paris.

Aides preparing the seven-nation summit at Williamsburg at the end of May are trying to avoid the fiasco of Versailles a year ago, where misunderstandings mainly between France and the United States enveloped the relationship, at least until last November when President Ronald Reagan lifted his East-West trade sanctions.

A fear that there could be an inadvertent revival of that fiery quarrel over French — and European — participation in the Soviet natural gas pipeline is creating considerable nervousness as (Continued on Page 115)

Tourism: Records Shattered as the Franc Falls

Bargain Prices for Luxury Goods and Services Attract Affluent Travelers

PARIS — With the value of the U.S. dollar above 7.35 French francs, France again has become an attractive buy for Americans, and would-be travelers are making their interest known in record numbers, according to French tourism officials.

"We have never registered so many requests for information as we have this year in Chicago and New York," said a spokesman for the French Ministry of Tourism. "All of a sudden, interest in France has doubled."

According to the Chambre Nationale de la Restauration et de l'Hôtellerie, the French hotel and restaurant association, about 930,000 Americans visited France last year. This year, even though more tourists are expected and more French citizens are expected to vacation in France instead of abroad because of strict new currency controls, association officials do not fear a squeeze on hotel rooms.

"For the moment, there is no problem of undercapacity in hotels in July and August," said Catherine Magnien, a spokesman for the hotel and restaurant group. "French people traditionally are more used to camping or family vacations, and when they do go to hotels, they are generally two-star ones."

So far this year, tourism officials have noted. Americans are traveling in style. "We have had a definite increase in the deluxe category," said Jean-Claude Murat, president of the French travel agents association. "The quality of life [movement] is spreading in the States, and it is amazing to see how sophisticated Americans

have become. Two or three years ago, Americans, even rich Americans, used to complain about the prices of restaurants. Now, for a \$100-a-day tour, they can have a room in a good hotel and dine at the Tour d'Argent."

An official at the Ministry of Tourism said that its offices had received numerous inquiries from potential travelers below the luxury level. But Mr. Murat said that, in the experience of his group, less affluent travelers seemed to be staying at home. "The swelling of the dollar value just does not compensate for the economic situation in some regions of the U.S.," Mr. Murat said.

Americans who do come to France are taking advantage of the foreign-exchange rate in purchasing quantities of luxury items such as perfume and designer scarves. According to Max Cohen, director of Michel Swiss, a major store selling tax-free perfume and cosmetics at discounted prices, business is booming. Mr. Cohen said he thought that more Americans were coming to Paris earlier than in recent years. However, he cautioned, "They are very happy about the dollar, but you cannot say they are doubling up. The American way of buying has changed. They buy what they need and not to stock up like they did six or seven years ago."

Travel agents and shopowners in Paris generally agree that the spending habits of Americans have changed. For one thing, there is more demand for luxury tours. In addition, Americans have become more seasoned as travelers and they expect more value for their money.

Another recent change, according to Mr. Cohen, is that customers are stopping during long trips to other countries to shop, rather than waiting for trips to Paris. Mr. Cohen said these customers have their large orders shipped to the United States.

Many French companies are developing programs tailored for more sophisticated American travelers. For example, Paquet Croisières, a French cruise agency, has invested in bilingual entertainment on its ships. Benoît Georges-Picot, the company's director, said: "With the dollar up, we have been more active in promoting our cruises in the U.S." As a result, 1,000 Americans will board the luxury liner *Aurix* for a 12-day cruise in September at an average cost of \$1,300 per person. "This is the first time a group that large has booked on a European cruise," said an official at Paquet, "and we definitely attribute this to the dollar."

Students have also helped to swell the number of American travelers. Mr. Murat said that offices were flooded with students on tours at Easter. The director of a study-abroad program in France said: "With the dollar up, we have a 50 percent greater enrollment for the fall than we did last year. Some of it is due to better promotion, but a lot of it is the dollar."

A strong dollar is encouraging a class of traveler that is both more conscious of value and more adventurous. Mr. Murat said: "They may dine at Baccus in the evening, but they'll have a picnic lunch in the afternoon."

— HARRIET WELTY ROCHEFORT

BASIC DATA

Area: 551,200 square kilometers. Land used for agriculture: 294,900 square kilometers. Population 1982: 54,091,000. Number of inhabitants per square kilometer: 98.1.

Major cities: Paris (2,317,227 inhabitants), Marseille (914,356 inhabitants), Lyon (462,841 inhabitants).

Total labor force: 23,249,000. Influx of manpower (1981 permanent foreign workers excluding EC nationals): 25,686.

Gross domestic product, at market prices, in 1981 (in billions of francs): 3,094.4. GDP per head (U.S.\$) (1981): 10,552. Gross fixed investment (1981): percent of GDP: 21.2; per head (U.S.\$): 2,232. Origin of the gross domestic product, at market prices (1981): agriculture: 4.2%; industry: 31.1%; construction: 7.3%; services: 57.4%.

Foreign trade exports of goods and services as a percentage of the 1981 GDP: 22.2. Main exports as percentage of total exports: Food, beverages and tobacco: 16.4%; Machinery and transport equipment: 33.2%; Iron and steel products: 8.4%; Chemical products: 12.0%; Textile products: 3.1%.

Imports of goods and services as a percentage of the 1981 GDP: 24.0. Main imports as percentage of total imports: Food, beverages and tobacco: 9.5%; Machinery and transport equipment: 22.1%; Iron and steel products: 5.7%; chemical products: 8.6%; mineral fuels, lubricants and related materials: 28.9%.

FRANCE

Foreign Trade by Area (In Millions of U.S. Dollars) (Exports FOB)				Foreign Trade by Area (In Millions of U.S. Dollars) (Imports FOB)			
	1979	1980	1981		1979	1980	1981
World	97,981.2	111,310.8	101,270.4	World	106,874.4	134,852.4	120,496.8
Total OECD	70,008.0	77,902.8	68,233.2	Total OECD	75,373.2	90,099.6	79,558.8
Including:				Including:			
United States	4,790.4	4,921.2	5,588.4	United States	8,091.6	10,734.0	9,808.8
Japan	928.8	1,098.0	1,017.6	Japan	2,055.6	2,770.8	2,736.0
Total EC	52,718.4	57,818.4	48,790.8	Total EC	53,920.8	62,424.0	54,370.8
Of which:				Of which:			
Germany	16,857.6	17,836.8	14,973.6	Germany	19,213.6	21,814.8	19,143.6
Belgium-Luxembourg	9,604.8	10,399.2	8,384.4	Belgium-Luxembourg	9,656.4	11,272.8	8,974.8
Netherlands	5,238.0	5,420.4	4,468.8	Netherlands	6,471.6	7,308.0	6,930.0
Italy	11,192.4	13,910.4	11,488.8	Italy	10,837.2	12,666.0	10,785.6
United Kingdom	5,238.0	5,420.4	4,468.8	United Kingdom	6,009.6	7,285.2	6,572.4
Total Non-OECD	27,972.0	33,121.2	33,034.8	Total Non-OECD	30,994.8	43,936.8	39,958.8
Of which:				Of which:			
COMECOM	4,172.4	4,974.0	4,118.4	COMECOM	3,337.2	5,323.2	5,025.6
OPEC	7,591.2	9,852.0	10,923.6	OPEC	16,611.6	25,128.0	22,192.8
Other	16,210.8	18,580.8	17,996.4	Other	11,551.2	14,301.6	13,719.6

Source: OECD

Source: OECD

European Community Fears Fade; Rift Averted

(Continued from preceding page)

Following another attempt to bolster domestic firms against foreign competition.

In what became known as the Potters affair, all imports of video cassette recorders had to be cleared through a tiny inland customs post. This was seen by many observers as an example of flagrantly constructing protectionist barriers.

The commission seized on this move, together with a change in customs regulations that required all import documents to be written in French and launched formal proceedings against the government for imposing measures likely to distort trade between member states.

The French-language stipulation has now been watered down following consultations between Paris and Brussels. The Potters affair has now become superfluous because of a voluntary restraint agreement under which Japan will limit its video cassette recorders to the community as a whole for the next three years. The French government claimed that Japan's willingness to reach such an arrangement was a result of the action at Potters. Japanese diplomats acknowledge that the French action was taken into account during the trade negotiations.

Although some EC members, such as West Germany, found the

French action distasteful, others were clearly glad that French protectionism seemed to be working in favor of the entire community.

But are France's EC partners seriously arguing that the country's policy on external trade has not lurched significantly toward protectionism since President Mitterrand took office? Could the willingness of the community to tolerate French attitudes be a sign that Europe itself has moved in the same direction?

The Brussels commission recently published proposed changes in trade protection rules that would make it easier for European manufacturers to take action against what they regard as unfair imports from non-EC countries. Meanwhile, the commission is investigating more complaints of "dumping" by foreign suppliers than at any time in the past.

They also claim that the high number of anti-dumping actions against foreign companies is the result of increased dumping by exporters in the face of contracting world markets, rather than a concerted effort by the commission to keep out unwanted imports.

In fact, Mr. Van Voorst is reluctant to accept that France is becoming more protectionist in its outlook. He argues instead that the Mitterrand administration has shown signs of mellowing.

"There was a marked difference between the most recent realignment [of the European Monetary System] and the previous one," he said. "In the previous one, there was a great temptation in Paris to seek all kinds of protectionist measures as a solution to France's problems."

In this realignment, he said, "apart from the limitation on the amount of money tourists are allowed to take out of the country, the type of measures taken to accompany the latest devaluation of the franc are more aimed at attacking some of the country's structural problems."

France still is applying a number

of financial incentives to assist its industry and agriculture. For example, it is working on specific plans to develop the microelectronics industry, including investing in universities and training facilities as well as research centers. It is also becoming involved gradually in industrial development and marketing.

"As far as state aid for new technologies is concerned," Mr. Van Voorst said, "we are now making a link between the authorization of aid and the readiness of various national firms to work together on a community scale. And in that respect, the French are no more difficult to handle than the Germans."

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Economic Crisis Becomes the Major Foe

(Continued from preceding page)

the Cabinet, three seasoned ministers emerged as the key architects of the president's program — Prime Minister Mauroy, Jacques Delors, minister of the economy, finance and the budget, and Pierre Berégovoy, minister of social affairs. They and several other key ministers, notably Industry Minister Laurent Fabius, share the running of the government's economic program with a small team of younger advisers at the Elysée Palace, working in close daily contact with Mr. Mitterrand.

"A new equilibrium has been established on the first floor of the Elysée," commented Le Quotidien, a right-leaning opposition newspaper. L'Expansion, a business magazine, in another profile of the work of the French presidency, described Mr. Mitterrand as "a solitary, protected by his friends, who writes more than he speaks and hates chatty meetings." Political observers generally view him more as a visionary than as a man of action, yet capable of taking tough, dramatic decisions, such as the recent, expulsion of 47 Soviet diplomats.

Responding firmly to reports of divisions within the government, Mr. Mitterrand told a May 17 news conference at the conclusion of a two-day French-German summit meeting that the present austerity policies of Mr. Mauroy and Mr. Delors had his "entire support." And he emphasized that there was "only a single (economic) policy for France — there cannot be two at the same time."

A Reagan administration official said that in his view, the present leadership "despite some sense of drift, appears better equipped to handle problems than before." He added that despite policy differences and clashes, particularly over international monetary reform and the U.S. budget deficit, Washington remains "optimistically encouraged" by Mr. Mitterrand's strong commitment to the alliance and substantial increases in real defense spending and particularly for modernization of its nuclear force, despite a stagnating economy.

The two crucial questions being asked by many observers and diplomats were these: how much longer can the Mitterrand government continue pursuing its austerity program and, if it fails, what alternative policies, if any, would work in a country that is not known for its predictability or for an unlimited capacity for national discipline.

"What you Americans sometimes fail to grasp here are the real stakes," a presidential adviser recently told a visitor in explaining the government's approach to present policies. "What we are battling for through the austerity program is not just reducing inflation but

keeping our economy open," he said, "and if we fail, it will have far-reaching consequences for the rest of Western Europe and, possibly, the alliance."

The presidential aide was responding to questions about recent statements from radical Socialist leaders publicly challenging Mr. Mitterrand's policies. Former Industry Minister Jean-Pierre Chevènement, for example, has called for a program of renewed "national independence, ambition, coherence and firmness." Party strategists explained that Mr. Chevènement was reflecting the views of radical Socialists who would like to renew tough price-wage controls, impose protectionist trade measures and unilaterally withdraw France from the EMS.

Such arguments have been dismissed as unrealistic by Mr. Mauroy, Mr. Delors and others in the government who regularly insist that, despite the recent opinion polls, the Socialists and their allies remain in the majority in France and that present policies will be continued, including participation in European institutions, including the EMS. Mr. Berégovoy and Mr. Delors, who are widely regarded as leading potential successors to Mr. Mauroy, have repeatedly reaffirmed the government's intention to pursue the austerity program and that they would try holding inflation growth to 8 percent this year, which compares to a 14-percent inflation rate two years ago.

But during April, French consumer prices rose 1.4 percent, which represents a 9.3 percent increase compared to April 1982. Although the government blamed the most recent increase on boosts in utility rates and said it would refrain from renewing price controls, most observers doubted that the government would attain its 8-percent goal this year, but few thought the rate would rise above 10 percent.

The Organization for Economic Cooperation and Development last week reported that during March, France and Italy had the highest consumer price increases (0.9 percent) among the OECD's seven largest member nations — including the United States, Japan, Germany, France, Britain, Italy and Canada — whose prices rose by a combined 0.3 percent in the same period.

Mr. Berégovoy, whose views are generally regarded as more radical than those of Mr. Mauroy or Mr. Delors, has readily conceded that reducing the foreign trade deficit remained "a great problem." Failure to substantially reduce the trade deficit, which last year reached 93.3 billion francs, could easily fuel protectionist pressures in France, a prospect that remains a constant and key source of irritation and consternation for the

West German government of Helmut Kohl and others in the European Community, as well as the Reagan administration.

"We have seen how quickly and violently the French have reacted to protecting their farmers," said a senior EC official. "What is to prevent them from getting tough with imports, as they have already done with Japanese video cassette recorders?"

Roughly one-third of France's total trade deficit is with West Germany and it is continuing to grow amid continuing grumbling about French policies by Economics Minister Otto Lambsdorff and privately expressed fears among German officials and bankers that a new wave of protectionism in France would probably hit Germany first.

Mr. Lambsdorff, who recently complained publicly about Mr. Mauroy's allegation that Germany was responsible for France's trade deficit, said in a clear reference to French policies: "State deficits and inflation do not remove unemployment — they create it."

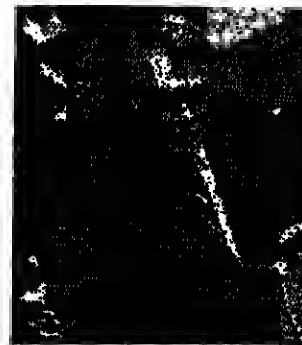
During their joint news conference Tuesday, Chancellor Kohl deftly avoided committing himself to helping France by pursuing more expansionary economic policies, while sidestepping Mr. Mitterrand's renewed call for an attack on U.S. monetary and fiscal policies during next week's summit meeting in Williamsburg, Virginia.

"Germany will not relaunch Mitterrand," commented the April 18 headline of Liberation, a left-leaning daily newspaper.

To be effective, according to projections of economic planners, the cuts in the trade deficit must be reduced by roughly 40 billion to 45 billion francs between April 1983 and April 1984. This is largely based on a significant drop in national consumption, equal in roughly 65 billion francs, or 2 percent of GNP, and includes cuts in imports. Problems are already looming, however.

Following the March 21 realignment of EMS currencies in which the franc was devalued for the third time since the Socialists came to power, the dollar has appreciated by roughly 8 percent; this week it was being traded at around 7.42 francs to the dollar, whereas the costs of the national austerity program and budget were calculated at 7.10 francs. The advantages of the oil price drop have been largely eliminated by the stronger dollar, which has created new pressures on our finances," a senior government planner said.

Indeed, most observers question that the government will reach its goal, noting that the trade deficit from January through March already had increased to 23.7 billion francs from 17.8 billion in the like year-earlier period and that the prospect now were for a 1983



Prime Minister Mauroy

trade deficit of between 50 billion and 60 billion francs.

Leading French business leaders have regularly urged the government to help industry, which Yves Gattaz, head of the national employers' confederation known as the Patronat, has described as essential for "winning the battle of exports and jobs." In a recent meeting with Mr. Mitterrand, he urged substantial tax breaks for export-oriented industries, easing employers' contributions to increasingly expensive social charges and development of temporary job-creating projects.

The response of the Socialists was to propose to industry what Mr. Fabius described as a program of "innovation and stimulation." In sharp contrast to the interventionist approach of his predecessor, Mr. Chevènement, Mr. Fabius said "the state does not intend to substitute itself in the role of enterprises, nor of entrepreneurs," referring to private industry and particularly the nationalized companies. He announced establishment of a 3-billion-franc fund to finance new industry development programs, promised to keep industrial prices unrestricted and offered tax breaks to those anxious to launch new companies.

But Mr. Delors is fond of warning those seeking tougher austerity measures that the stagnating French economy "cannot go faster than the music." That reflected his opinion that the nation is already at the limit of its capacity to absorb new austerity measures, such as higher taxes and spending cuts. What this means, in the view of many observers, is that Mr. Mitterrand now has precious little room for maneuver and that time is running out, amid growing signs of recovery in Germany, Britain and in the United States.

"France has come a long way in resigning itself with the rest of the Western industrialized nations," said a senior OECD official, "but they could wind up being left behind if the government does not produce better results within the next three months...if they fail, France could wind up in very serious trouble."

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FRANCE

Decade of Effort Brings Breakthroughs in Mass Transit

(Continued from Page 7S)

policy over the last decade has consistently encouraged the development of modern Métro, bus and, now, tramway systems. The Socialist government is continuing the tradition, under the leadership of the communist transport minister, Charles Fiterman.

The most recent and spectacular achievement is the automated transport system called VAL, for Véhicule Automatique Léger, which was scheduled to begin service on May 16. It was developed over five years by the high-technology company Matra and the Lille transit authorities, at a cost of \$343 million. The ultramodern system was inaugurated by President François Mitterrand on April 25.

Matra officials, who refer to the system as a "horizontal elevator," insist that VAL is the "most traditional" of the various new types of transport currently on the market. The compact cars are 30 percent lighter than ordinary European subway cars. Barely 2 meters wide and 3.25 meters high, the compact vehicle is designed for maximum efficiency; its smaller size enables it to achieve a 25 percent energy savings. Traveling at 35 kilometers an hour, a two-car coach can accommodate 124 passengers every 60 seconds during rush hour.

But, unlike the Paris Métro system, which is also automatic, VAL operates without drivers, and there are no conductors on the trains. About 250 cameras posted in stations transmit data to a central command post located outside Lille. Passengers can alert operators directly by using special phones placed in each train.

"In a traditional Métro, the driver and the passengers are totally separated," said Daniel Ferbeck, a director at Matra. "In this system, there is actually greater safety because the operator at the control post can talk to the passenger and vice versa."

"If there are hoodlums in the train, the operator can

block the doors and call the police, who will be there when the train rolls into the station."

Results of a questionnaire developed by the Lille Métro Company to test public reactions showed that only 12 percent of those questioned feared the absence of a driver, but 24 percent worried about security and the risk of assaults in trains or stations.

Special safety features such as automatic platform doors or station platforms have been designed for the Métro. In addition, the stations were deliberately designed with a minimum of long corridors and a maximum of windows and open spaces to discourage crime.

In the event of an accident, Mr. Ferbeck said, operators at the control and command post can slow or stop the train.

VAL has had some minor problems in the experimental stage. A stubborn parasite that attacked the plastic insulation on cables in the tunnels delayed the inauguration for several weeks. Despite problems, however, many officials see the system as a solution to transportation problems in middle-sized cities. Transport experts from Los Angeles and Orlando, Florida, have expressed interest in the system, among others.

Bernard Guilleminot, director of technical services of the urban community of Lille, said: "Lille is the very essence of an urban community that could no longer be satisfied with traditional means of transport and could not afford a conventional Métro. We needed to find an intermediary solution."

While VAL has yet to prove itself, the TGV, which was inaugurated in September 1981, has amply demonstrated its popularity and its reliability. In 18 months, 10 million people rode the TGV. Ridership increased from 61 percent the first year to 63 percent this year. Trains now link Paris to Lyons, Marseilles and Montpellier. The SNCF,

the French national railroad, is planning to open a line to Lausanne on January 24, 1984, and is working on a project for a TGV-Atlantique that will link Paris to the west and southwest of France (Quimper, Brest, Tours and Bordeaux) by 1990.

"In France we are once again beginning to believe in trains as the most economic solution to future travel," said Francis Boulanger, spokesman for SNCF. "The big handicap of planes is the time it takes to get to the center city." According to Mr. Boulanger, France is the only country in Europe where train ridership is increasing at a rate of 2 percent a year. As for the TGV, Mr. Boulanger asserted that its technology was clearly more advanced than that of the rival Japanese. "The French TGV has the advantage of being virtually welded to the environment so that no slowdown factors such as tunnels, need be built, and the trains can take as much as a 3.5 percent grade," he said.

Mr. Boulanger called the TGV "the perfect solution to link distances of 500 to 600 kilometers" and predicted that it would "transform completely the map of France."

Representatives from the French rail industry and private construction companies have opened an office in Washington. Exports currently represent 4 percent of the French rail industry's annual business of more than 10 billion francs.

A third innovative French transport system is Aramis, a mini-métro that officials hope to put into service by the opening of the 1989 Paris Expo. Negotiations are currently being conducted between the government, the transport authority and Matra, which is designing the system. The advantage of this system, which uses autonomous cars with only four to 12 seats each, is in their availability and frequency of service. Like VAL, Aramis is completely automatic.

Technology: Economic Reality Slows Government's Objectives

By Joel Scratte-McClure

PARIS — Two years ago the new French government believed a well-financed interventionist industrial policy emphasizing the latest technology would achieve a number of political, economic and social goals: increase investment, contribute to economic recovery, create technological independence, reduce unemployment and boost exports.

The key words in government and nationalized industries were imported from California: cross-fertilization, entrepreneur, mobility, risk-taking, synergy, venture capital. In fact, French ministers actually studied American innovation and hoped to instill a similar spirit in France with a Socialist twist embracing humanism, decentralization and planification.

"Innovation and good ideas need collective discussion," said Louis Le Floch-Prigent, the government official who became the head of the Rhone-Poulenc chemicals and textile group. "The state is the best friend of researchers and innovation in France."

The Socialists got off to an exceptionally dramatic start. They held a national colloquium to discuss technology, passed a law boosting public research and development expenditures, formed the combined Ministry of Research and Industry to oversee their global scientific-industrial strategy and restructured industry by nationalizing a number of financial and industrial groups.

French scientists, who have traditionally scorned industry's profit motive, were asked to develop commercially successful products and perform a fruitful social and economic function.

Until recently, government officials at the Elysee Palace seriously contended that financing would be no problem, nationalization would not be necessary, nationalized companies would be creative entrepreneurs and François Mitterrand's team could successfully manage knowledge acquisition and application. New high-tech industries from biotechnology to robotics would be created and high technology would save declining industries like textile and steel from collapse.

"We have a long-term commitment to develop state-of-the-art technology, and our programs, motivated by nationalized industries, will inspire the finance and commercialization of research,"

presidential adviser Jacques Attali said.

Not everyone agreed with this approach, especially critics in the private business sector skeptical of grandiose plans and uncertain about funding.

"I fear the government will favor large nationalized groups and not young entrepreneurs because they can't afford to finance competition," said Alain Monic, commercial director at Sogitex, a software applications company. "The atmosphere will be conducive to bureaucracy, not creativity."

But government-inspired committees proliferated and led to the formulation of seven national mobilizing programs (in areas including electronics, biotechnology, energy and the use of French as a scientific language) and elaborate plans for different industrial sectors.

"We have not performed well in the past in data processing because there hasn't been a coherent long-term plan," said Jacques Stern, head of CII Honeywell Bull, the computer company. "We now have that plan, we will implement it and it will succeed."

The effort was even going to become international with the establishment of a "code of conduct" for French multinationals dealing with the Third World. However, this idea and other facets of the effort have hit a number of snags because:

• To eliminate the trade gap and reduce the budget deficit, the government introduced severe austerity measures. The high-tech dream has been, in part postponed by economic reality.

• The former minister of research and industry, a key figure in high-tech planification, was dismissed. His successor has introduced new measures to spark investment but the changeover threw a spanner into the timetable and evolution of numerous programs.

• The refusal to jettison non-profitable economic sectors, primarily to protect unemployment, has been extremely costly and is draining the limited financial resources away from potentially profitable industries of tomorrow. Many businessmen believe the government must begin to select technological niches rather than continue its blanket approach.

• Slow decision-making and organizational problems at ministries and the Elysee Palace have led to delays in restructuring numerous industrial sectors.

• The attempts to form competitive European industrial groups, in areas such as telecommunications and microelectronics, has made little progress.

• The defection of two American computer scientists (their recruitment hailed as part of a "reverse brain drain" from the United States to France) from the World Computer Center was a blow to a pet research project of President Mitterrand and the "internationalization" of French science.

The French are not yet showing signs of leaving the sanctuary of nationalized companies to start risk-taking ventures. Failure is not acceptable in France, people rarely change companies and the cross-fertilization necessary for high technology is unusual. "The Apple was too simple for a Frenchman to invent because the Frenchman today is too intellectual, afraid to deal with outs and bolts, and still convinced it's dirty to be rich," said John Louis Gasse, director of Apple France. "The Socialists won't change that."

Unions, students and agricultural workers are increasing strike action in numerous sectors and many observers believe that the period of relative social calm may be ending.

The French have always had a penchant for long-term planning and their Cartesian approach has led to numerous innovations in pure mathematics and theoretical sciences. But their high-tech programs also require the increased dynamism needed for rapid product development and marketing. There are two serious problems that have not been resolved.

"We are not able to quickly bring new products from the laboratory to the production stage," the minister of posts and telecommunications, Louis Mexandeau, said in a recent interview. "With exceptions, such as the defense sector where things are done behind closed doors, we still have failed to establish ourselves as a salesman in many industrial areas."

Observers are now seriously questioning whether the Socialists have the funds, managerial skills and scientists to rival their Japanese and American counterparts.

"Any new government today tries to inspire efforts in technology that will translate into exports," said Jacques Arnould, president of SESA, a world leader in packet switching systems. "But unfortunately in France, as in other countries, most of the talk has not been translated into reality."

Despite Ideology, Nuclear Energy Policy Remains Unchanged

By Leslie de Quillacq

PARIS — Despite promises from the Socialist Party that it would move France away from the pro-nuclear energy policies of its predecessors, the two-year-old government of President François Mitterrand has changed little.

The government's recent reduction of goals for domestic coal production, from 35 to 40 tons of oil equivalent to reportedly about 25 tons, is the most recent demonstration of this. As an Energy Ministry official said recently: "Energy policy in France is a policy that doesn't leave much room for ideology."

Economic and political realities leave France few options. The promised "democratic debate" on energy policy that took place in the National Assembly in October 1981 seemed to serve as the government's vehicle to teach this lesson.

France, together with Italy and Japan, is one of the industrialized nations most dependent on foreign energy supplies — 65 percent of its needs comes from abroad, mostly oil. It is singularly ill-endowed with fossil fuels, and what it has either

are too expensive to produce or are being rapidly exhausted. But it does have three percent of the world's reserves of uranium. Therefore, the obvious heart of an energy policy is to press forward with a nuclear program; exhaust the troops to conserve as much energy as possible, and to diversify the sources of imported energy so that if a supplier stops, the country is not left in the lurch.

The Socialists have put more emphasis on conservation than did the previous government of Valéry Giscard d'Estaing. It is seen as one of the cheapest solutions and one that also creates jobs. But any reductions made in the nuclear program seems to be attributable more to sluggish demand for energy resulting from the world economic crisis than to any promises to environmentalists. The government ordered three nuclear reactors in 1982 and three more are planned for 1983. But the Energy Ministry now apparently believes that France will be overequipped with nuclear reactors in 1990.

By that time, nuclear reactors will produce 80 percent of France's

electricity. This is not necessarily the most economic solution to electricity production, given the low price of coal on world markets. Nor is it even the most political solution, the expected overabundance of reactors is reportedly one of the reasons the government is aiming for curtailed coal production. Such a move carries with it the risk of creating problems in mining regions.

France has come a long way toward energy independence since 1973, the year of the first oil shock, when it imported 75 percent of its needs and when imported oil accounted for two-thirds of its energy consumption. The search for independence has concentrated on lessening dependence on oil and on diversifying import sources "toward non-OPEC producers," according to ministry officials. Imported oil accounted for 46.7 percent in 1982, down from 66 percent in 1973. The goal for 1990 is 30 to 35 percent. The volume of imported oil has declined as well.

What has filled most of the gap is a nuclear program that accounted in 1973 for 1.5 percent of primary energy consumption and in 1982, 12.2 percent. France also consumed more imported gas, which in 1973 accounted for 8.5 percent of consumption and in 1982 for 13.2 percent, despite a cutback in domestic gas production. The nuclear program is, of course, part of the emphasis on national production while the resort to imported gas is justified as an "important factor in the diversification of our supplies," according to former Energy Minister Edmond Hervé.

The percentage of gas in the consumption pattern is expected to stay about the same between now and 1990, but this will mean increasing imports as domestic supplies dry up. Already, imported gas accounted for 70 percent of gas used in 1981. By 1993, domestic gas production will cover only a minimum of national gas needs.

In response to concern in the United States, Foreign Minister Claude Cheysson has said that France would never buy more than 5 percent of its total energy consumption from the Soviet Union and for the moment had no inten-

tion of buying more than the 8 billion cubic meters a year agreed upon.

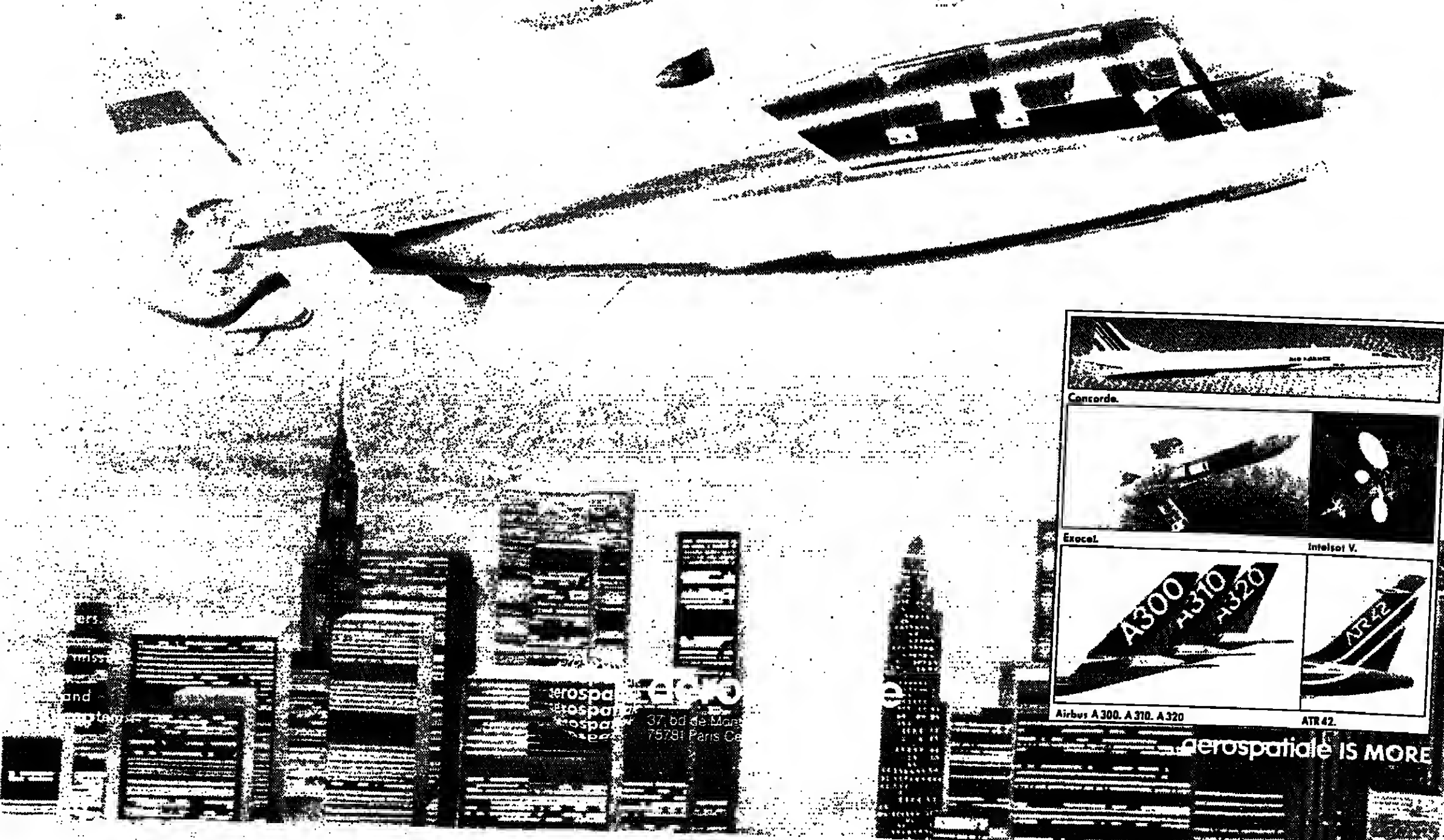
Ironically, even before the controversial contract with the Soviet Union was signed, France was already importing 5 percent of its energy needs from the Soviet Union — 4 billion cubic meters of gas in 1982, plus quantities of coal and oil.

Despite France's lessening dependence on others for its energy and the dramatic drop of imported oil in its consumption pattern, there has been no parallel drop in the country's energy bill, which is on its foreign balance of trade. Eight years ago, the energy bill was covered by one month's exports — now by more than four months' receipts. The stagnation and drop in the price of oil on the international market — a price expressed in dollars has had no positive effect on France's imported oil bill of 160 billion francs in 1982, because the franc has fallen in value against the dollar. The Energy Ministry calls this monetary phenomenon the "third oil shock."

France's energy policy remains unchanged.

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FRANCE

Heavy Industry: State Ownership Widens

By Vivian Lewis

PARIS — The French use the word *capitalistique* to mean capital intensive. So, even when it is state-owned, heavy industry in France is capitalistic.

About 80 percent of French heavy industry is state-controlled today, according to Guy Rico, senior financial analyst at Union des Assurances de Paris, the French insurance company. That means there are fewer investment opportunities on the stock market. And

reducing them further is the fact that heavy industry companies still in private hands have not been very profitable.

In a recession, in France as elsewhere, capital-intensive heavy industry is hit hardest. Its capital costs remain high, and capital costs in relation to turnover are steep. Mr. Rico estimates that the ratio of investment to annual turnover for French heavy industry ranges from 3 to 2 (cement) to 3 to 1 in base chemicals, steel and glass. By contrast, investment is only 0.33 to 1

in retailing (Casino supermarkets) or 0.7 to 1 in cosmetics (L'Oréal).

Then, too, in a recession, past investment cannot be used to capacity because there is no demand for all the cement or ethylene or float glass that companies can produce. Overcapacity leads to falling profits — or losses — and the solution is to close plants and reduce capacity, leading to layoffs and unemployment.

For French Socialists, this medicine has been politically unpalatable but under the new austerity

program it is being swallowed at last. Smokestack France, where the smokestacks belong to the government, turns out to be subject to the same economic constraints as anywhere else. A recession in Clermont-Ferrand is different from a recession in Chicago because the cushion of benefits is better but you still lose your job.

The state picked up most of the chemical industry when it nationalized Rhône-Poulenc and Pechiney last year. It already controlled two chemical companies linked to the coal board and the substantial chemical interests of Elf-Aquitaine, the oil company.

Since François Mitterrand came to power, bureaucrats under four ministers of industry have been working to restructure the state-controlled chemical industry. While the final plan is still being debated its impact is becoming clear: curtailing surplus capacity, laying off workers. Some will take early retirement and others will be deployed in another part of the business. But two state-owned fertilizer companies are letting go 328 and 1,200 workers respectively. Elf is closing one of its two ammonia crackers at Feytaud. Pechiney is rumored to be dismissing 1,000 workers. All this since the Mitterrand government accepted the need for "rigor."

Outside the government-owned sector, the situation is not very different. The powerful Michelin group, the second largest rubber company in the world, after Goodyear, reported for 1982 what the pro-Socialist newspaper *Le Matin* called "a deficit worthy of a nationalized group in steel or coal." The figure was 4 billion francs. Michelin also announced 9,500 layoffs in France, Italy and Britain. France's largest private company, Peugeot, lost 2.1 billion francs.

Politically, the most prickly of French smokestack industries is the coal company Charbonnages de France, which employs workers who prefer a Communist union to represent them. The Socialists appointed a Communist chairman, Georges Valbon, to let their voices be better heard.

When investment revives, according to a new Usinor study, it will not be in smelting industries — which use 150 tons of steel for every one million francs in investment or output added. The electronics industry, however, uses only one-tenth of a ton per million and precision tools only one ton. The service sector, overall, uses 10 tons, housing 16, and industry averages 40, in every case per one million francs in investment or output added.

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Bread: Decline in Quality and Consumption

Bakers Organize to Re-Educate Industry, Public to Old-Fashioned Values

By Patricia Wells

PARIS — Limp. Flabby. Lily white. Over-salted. Acidic. Tasteless. What has become of the honest French loaf, the wholesome bread revered around the world, respected for its crackling crisp brown crust, its elastic, creamy-gold interior, chewy bread with a fresh yeasty aroma and the flavor of freshly-milled wheat?

The comforting, satisfying French loaf, irresistible to touch, has during the last 40 years, been in constant decline. So is consumption. Today, the French consume about five times less than at the turn of century, and far less than the Greeks, who with the Italians, Irish and Spanish are the biggest bread consumers in Europe. Even of the bread that is made and sold, much ends up in the garbage. One French critic recently reported that 1 out of 3 baguettes sold in Paris wind up in the garbage can, many of them untouched.

There is trickery everywhere. Paris bakers unashamedly admit to mixing day-old, frozen baguettes in with those hot from the oven. "Our clients do not know the difference; we sell them for the same price," one local baker said.

The rustic, hearty *pain de campagne* — which, unlike the *baguette* has no legal definition or price — is more often than not simply a round white loaf prepared with baguette dough and sold at three times the price.

Today, bakers artificially oxygenate with ascorbic acid to boost rising, they add favorable flour in search of body and texture, they overknead and much too rapidly — so the loaf that ought to be a creamy, well-textured interior is, instead, nothing but pasty white, cottony air bread. Bakers cut down on baking time, to make more bread faster, resulting in a bread that is less crisp and stales more quickly. Many bakers try to cover up by adding more salt to heighten flavor. But no one is fooled.

One recent French survey found that nearly half of the nation's citizens found bread less good than before, but only one out of 30 indicated a willingness to give it up altogether. One Parisian said: "The French have stopped taking bread seriously. They don't reflect, they don't concern themselves with whether or not it's good or bad. They just take it for granted." In other words, for many a Frenchman, bread has just become something to serve as a base for thickly spread *pâté* or *thin slices of jambon cru*.

Scientists and nutritionists are not happy either. For the French, swallowing the myth that bread makes you fat, are replacing the wholesome bread calories with fats and sugars, to the detriment of the nation's health. Nutritionists suggest that, ideally, sedentary adults should consume one-quarter of their daily calories in bread each day, or the equivalent of a standard, 250-gram (8 ounce) baguette.

Modernization and mechanization came to the corner bakery just after World War II. The romantic notion of the frail French baker slaving through the night to provide breakfast fare is one for the history books. The bread once kneaded, formed and cut by human labor and baked in wood-fired ovens soon became the creation of machines. Gas-fired ovens took over. And so did the willingness to work through the night.

Despite this, bread remains an artisanal French affair. More than 85 percent of the bread consumed in France is still made in the nation's 39,000 moon-and-pop bakeries, though some critics insist that there are fewer than 300 "honest" bakers in France.

How are the French reacting to all this? Not with a whimper. For the first time in history, French housewives are being encouraged to bake bread at home. Rarely a month passes without a French magazine article devoted to homemade preparations of *pain de campagne*, *baguettes* and hearty round rye

loaves filled with fresh walnuts. Chefs, like Paris' Joël Robuchon of Jamin and Alain Senderens of Farche, and Tours' Charles Barthelemy take their own bread for their restaurants to assure consistency, flavor and freshness. Best of all, bakers, not oblivious to the shifts in quality and consumption, are banding together to turn the tide, to return to France the honest loaf.

The leader of the movement is Raymond Calvet, a warm-hearted, dedicated former bread professor, who travels from Japan to Brazil, and, of course, throughout France, encouraging the return of *le pain d'autrefois*. He insists that the modern baker can make authentic bread, quickly, as long as he respects the simple nature of the ingredients — whole-some wheat, fresh yeast, pure water, a minimum of salt — and maintains methods and standards that gave the French loaf its lofty reputation.

The good-bread movement, launched in 1981, consists of about 300 bakers all over France, men who take an oath to make the honest sort of French loaf that existed in the 1930s. Their bread, called the *bonnet*, is the twin of the everyday *baguette* but made according to old-fashioned methods and sold at the same price. The crust is thicker, the interior more dense and golden, and there is that great wheaty aroma and flavor. (For a list of member bakers, write to Unimix, 2 rue de l'Industrie, 45250 Beauce, or Telephone (38) 37-02-00.)

So the situation is dangerous, but not hopeless. In Paris and in the provinces, dozens upon dozens of dedicated bakers fight the tide, and the lines that swing out the door and around the corner of their *boulangeries* attest to the fact that they are winning.

No one can say for certain that this Renaissance will flower. But if it does, the French can again, with pride, return to their vocabulary the age-old proverb: "C'est bon comme le bon pain."

State Banking: Prudence Brings Profit Decline

PARIS — It was slightly more than a year ago that the French government completed the nationalization of most of the country's banks. And, on this first anniversary of state-owned banking, the results for 1982 have just come in. The numbers show that most banks reported a fall in profits, due not to any inefficiency of state ownership but to banking prudence. For the majority, operating profits were steady or even rose in 1982. But the banks created reserves for loan losses that cut their net.

As a result, the state did not get a dividend increase — and it even picked up less than it had in 1981. The government has had to increase the capital for two banks, *Crédit du Nord* and *Banque de l'Union Européenne*, after they got into difficulties with loans that were too concentrated among troubled clients. But when the government nationalized the bulk of France's banks — those whose shares were quoted on the stock exchange and whose assets were controlled by state-owned banks. Under the proposed rules, if a borrower was in financial difficulty and three-fourths of the lenders' pool voted to keep on carrying the borrower, the remaining one-fourth of the banking pool would have to contribute as well. In practice, the government could decide to finance a

troubled company, and foreign and private banks would have to go along.

The pool rule is already under consideration at the Justice Ministry and may be taken as indicating a policy for French banks even without a vote. The rule is expected to result in lawsuits by those who are denied credit.

Another measure that is pending is a reform of the French bankruptcy law. A proposed change would prevent bankers from giving priority to loans that are backed by collateral during a one-year interim of "observation" before bankruptcy is declared. The measure is expected to be presented to the National Assembly this autumn.

Emmanuel de Pontavice, a professor of law, warned that, if bankers are not allowed to put collateral-backed loans ahead of unsecured loans, "they will be reluctant to lend to troubled firms and they will insist on higher-priced leasing, leaseback and refinanced supplier's credits."

Both banks reforms threaten to create a practice that would discriminate against those — such as foreign banks — who insist on banking risk coverage before granting credits to corporate borrowers. Despite these measures, private funds are not in short supply in French banking. The Revillon group, which is quoted on the Bourse, has just formed the first private French bank after the nationalizations. It has received for-

mal government permission to take control of *Compagnie Financière de la Méditerranée*, a troubled investment bank, from Saudi and Lebanese interests. Two newly nationalized banking groups have applied to start private banks. One is *Paris-Orléans Gestion*, the money management fund run by Eric and David de Rothschild, which has applied for a banking license. The other is a consortium led by Jean-Marc Vernes (formerly of Banque Vernes), Marcel Dassault and Edmond de Rothschild (another branch of the family), who have applied to take control of a tiny non-state institution, *Banque de Marais*.

Helping the Banque de Marais takeover would be the ability of the consortium members to yield control of the former insurance and industrial holdings of the powerful Suez investment banking group back to the state. The Suez Banque d'Affaires suffered badly under the post-nationalization chaos and also lost control of the *Crédit Industriel et Commercial*, which will be run independently from now on. Paris, an archival, meanwhile, is not doing much better in retail banking, since it is co-owner with the state of *Crédit du Nord*, one of the two banks that had to ask for a capital increase. Suez has been asked to take over the investment portfolio of the former Rothschild bank.

—VIVIAN LEWIS

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Earnings per share in FF	59.67	78.00	84.94	115.26	123.83

FRANCE

Fashion: The Nation's 10th-Largest Industry

By Tish Jett

PARIS — "Fashion," Gabrielle Chanel was fond of saying, "has two purposes: comfort and love." "Beauty comes when fashion succeeds," she maintained.

Actually, fashion has an even more compelling, if less glamorous purpose, quite apart from the esthetic satisfaction it brings to those who design it or the pleasure derived by those who wear it.

First and foremost, the making and selling of personal adornment is a business. And as France's 10th largest industry, employing about 500,000 men and women, it is big business.

According to the 1981 figures from the Fédération de la Couture du Prêt-à-Porter des Couturiers et des Créateurs de Mode, at the most prestigious and expensive level of the industry — haute couture and designer ready-to-wear and accessories — 47,000 people worked to generate sales of 6,178 billion francs (\$883 million).

Add to these numbers the 1982 statistics from La Fédération Française du Prêt-à-Porter

Féminin, which show another 70,300 people employed in the production of volume or moderately priced ready-to-wear that resulted in sales of 9.1 billion francs, and the impact of the French fashion industry can be appreciated on an economic plane as well.

But ultimately, no matter how startling the figures or how important the industry's contribution to the economy, what French fashion produces in abundance is an ever interesting, often exciting and sometimes controversial approach to design that for decades has drawn and held the attention of the international world of fashion. For unlike other industries with a product that survives on the premise of planned obsolescence, this one thrives on the attendant glamour of the designers (many of whom have names and faces as familiar as those of movie stars), the highly visible clients who wear the clothes, and the omnipresent fashion press that faithfully records every nuance of the subject.

(Certainly, designers from other countries have come to appreciate the intrinsic value of such glamour, but it was the French who first

demonstrated how the creation of an aura can be an effective marketing device.)

For the fall 1983 prêt-à-porter collections last March, for example, 562 publications from 38 countries sent a total of 1,282 writers, editors and photographers to report not only the news from the event but also the ambience that surrounded the collections — from the fashion "groupies" hovering outside the shows and the designers' strategically placed (front row center) celebrity friends to the Saint Germain street scene and the latest boutiques.

The press and retailers never leave Paris without what most refer to as "the total fashion experience." What that means is that although the principal reason for the foreign contingent to travel to Paris is to see the collections they also consider the careful scrutiny of boutique displays and the latest twists and turns of street fashion on the trendy young women — who even Yves Saint Laurent has said can inspire him — vitally im-

(Continued on Page 125)

Role of Foreign Investment Is Growing

PARIS — The Socialist government's efforts to reassure foreign investors have apparently worked. Now, instead of all the talk about how foreigners will never put another cent into France because of the Socialist government's one bears complaints that too many foreigners are springing government authorization to invest here in competition with native industry.

Apparently, neither the Socialists nor the opposition expected this turn of events. And the immediate aftermath of the election of François Mitterrand when, within two days, stock prices on the Paris bourse dropped 20 to 25 percent as foreigners abstained from investing seemed to support fears that foreigners wanted nothing to do with the new government. The American firm, Business Environment Risk Information, warned its clients to limit their relationships with France to commercial ones and to stop any capital engagements in the country.

The foreign portfolio investor has, until recently, stayed away. Geoffrey Reem, a broker with the firm of Tuffier, Ravier, said in late April, "For two years Paris was out of the international financial system. Paris became isolated. The market was left to its own domestic devices."

But, he said, all that has recently changed and "London has been making the market for 6 weeks to two months now." "They could see that good quality stocks here were going for 7 to 9 times 1982 earnings, while certain stocks in New York and London were going for 15 to 25 times," he said. "Paris stocks looked cheap."

Mr. Reem predicted a possible explosion of prices on the bourse since, because of the nationalizations, there are now few major stocks to buy and since the domestic French investor, who at first was happy to sell as prices went up, is now staying on. The stocks attracting London interest are Météo and Hennessy, Club Méditerranée, L'Oréal and BSN Gervais Danone.

Mr. Reem said that a great deal of their business in the export market. One must add that despite London interest, the Americans have not come back yet.

The industrial investor, the real productive investor, is seemingly not as nervous as the portfolio investor. He apparently has been plodding along with his plans to set up plants and create jobs in France

despite the Socialist actions. According to DATAR, the group charged with attracting foreign investors to France, in 1982 foreign investment accounted for the creation of 12,086 new jobs in industry, a level that has remained about constant since 1978. About 40 percent of the jobs created in 1982 can be accounted for by American investment, while 1,100 can be attributed to Japanese investment.

The Socialists have gone out of their way to calm the foreign investor. Foreign banks were not nationalized, foreign firms have been permitted to retain interests in nationalized companies and the indemnizations given to shareholders, both foreign and domestic, whose interests were nationalized were so high that foreigners are not especially worried about more nationalizations. They feel the government simply can't afford it. Besides, Mr. Mitterrand has already stated that there will be no more during this term of office.

Since May 1981, no project dossier submitted to the foreign investment committee of the Finance Ministry has been rejected, a not uncommon occurrence under the former government. The British multinational Whitbread has bought Calvet wines. Olivetti has

bought Logabax, BSN Danone Gervais has sold its remaining glass interests to Pittsburgh Plate Glass, Xerox has started transforming its Lille factory into its European office automation plant, Ford is investing 1.2 billion francs in extending its Bordeaux plant, GM is investing 1.3 billion francs in its Strasbourg factory, Berg Electronics, a subsidiary of Du Pont, is building in Besançon, Sony is setting up a factory in the southwest to manufacture videocassettes. Akai is planning to assemble videotape recorders at Honfleur, the American firm AVX is going to produce condensers at Rouen and the Canadian firm Mitel is going to

manufacture telephone equipment in the Vosges. The expansion of foreign firms, especially into the electronics sector on which French industrial policy is based, has caused some unease in France. The worry is that if France lets an international competitor to one of its national firms set up in France, then it is just endangering its own industry. Jean-Louis Vergnolle, in charge of the foreign investment department of DATAR, said that French enterprises endangered by such foreign investments are usually enterprises that already have problems.

—LESLIE DE QUILLACQ

Peugeot, Renault: Problems Are Similar

Price Freeze, Increased Sales of Imported Vehicles, High Costs Lead List

PARIS — Jean-Paul Parayre drives a Talbot Samba or a Peugeot 505. Bernard Hanon is usually seen at the wheel of the latest Renault model. But the cars driven by the chief executives of France's privately owned Peugeot and state-owned Renault are one of the few major differences between the two men and their companies.

Both Peugeot and Renault had similar problems in 1982: a temporary price freeze; increased sales of imported vehicles in France; industrial disputes and high production and expansion costs. They also were confronted with added expenditures (1 billion francs at Peugeot, 850 million francs at Renault) brought on by the government's setting a shorter work week, an added week of vacation and other social benefits for employees.

The two companies also had substantial losses last year. Peugeot, which manufactures the Citroën and Talbot brands, lost between 2.1 billion and 2.2 billion francs (against a deficit of 1.9 billion francs in 1981), while Renault lost between 1.5 billion and 1.6 billion francs (675 million francs in 1980 to 32 percent last year.)

The two chief executive officers expect imports in France to level off about 30 percent in 1983 (they increased from 23.1 percent of the market in 1980 to 32 percent last year).

The French automobile industry exports half of its production and is the world's third major passenger-car exporter, after West Germany and Japan. The two executives claim that their latest models on the market, the 205 at Peugeot and the R11 at Renault, will reduce the French demand for imported vehicles. Although automobile sales in France are expected to decline from a little more than two million in 1982 to an estimated 1.85 million in 1983, the two French automakers expect to improve their balance sheets by the end of the year.

Both are pleased that the French authorities did not set a government "plan" for the automobile industry. "There's a Renault plan and a Peugeot plan, but there is not a need for a government plan," Mr. Hanon said. "The French automobile industry has already been restructured and is poised for a profitable future. The fact that the U.S. automobile industry is now in the

black gives us a psychological boost." U.S. manufacturers had combined profits of almost \$1 billion during the first quarter of 1983.

Each company has about 200,000 employees, and both have stakes in U.S. companies. Renault has a 46.4-percent holding in American Motors, while Peugeot and Chrysler have a multifaceted cooperative agreement. The companies are structured differently, however, which makes direct comparisons difficult. Renault's automobile sales account for a little more than 70 percent of its activities while Peugeot's auto sales are 93 percent of its turnover.

The two companies are fierce competitors. Peugeot hopes to increase its stake in the French market to 33 percent this year, while Renault, which has a 40-percent share in the past, would be satisfied with 38 percent to 39 percent. Renault has a larger dealer network, an integrated model line, a more aggressive marketing strategy and a history of triumphs in motor racing. But Peugeot made commercial inroads during the first quarter of 1983.

One thing Mr. Parayre and Mr. Hanon do not have in common is their viewpoint about which company will prevail — the private Peugeot or the nationalized Renault.

"It is an advantage to be a private company where we have responsibility of management at all levels without any intervention from the state," Mr. Parayre said. "This has enabled us to reduce our work force, increase our market share, boost productivity, introduce new models and establish the tight management and technical combination that is required in this business."

Renault, which was nationalized following World War II, looks at things differently.

"Private companies tend to think too much in the short term, and as a nationalized concern do not have to be overly worried about quarterly results and are not forced to diminish investments," Mr. Hanon said. "We did not have a problem with any day-to-day intervention by our major shareholder, the French state, and our role as a technical leader in areas such as robotics is unclouded."

—JOEL STRATTE-MCCLURE

Washington-Paris: Economic Crisis Is Straining the Alliance

(Continued from Page 75)

commuter-diplomats and secret service types set up the colonial museum-town for their leaders' gala.

As one senior European diplomat put it, "What I'm afraid of is that Mitterrand may tell Reagan something like 'I was double-crossed last year' to set the whole thing off."

The Common Market's recent memorandum to the State Department reiterating "deep concern" over the Reagan administration's plans to tighten East-West controls — calling them "unacceptable in the context of relations with friendly countries" — shows that it is not just a conflict between France and the United States.

Studies commissioned last November show a consensus in identifying the main problems of East-West trade, such as the ability of communist countries to pay for goods, but have not been able to reach any common solutions.

While the bilateral relationship is admittedly strained, American officials are saying that France and the other summit countries — Britain, West Germany, Italy, Canada and Japan — should welcome the economic recovery under way here, which could help pull the rest of the world out of the worst slump since the 1930s. That seems to be what Wall Street and some foreign stock markets are saying.

The United States, with 25 percent of the world's output and 50 percent of the output of the 24-nation Organization for Economic Cooperation and Development, is the global flagship. When its engines accelerate, it is easier for other economies to follow suit.

The United States has had a zero rate of inflation in the last three months and a 3-percent rate of economic growth. Unemployment, still high, is falling; consumption, still low, is rising. Confidence is picking up, although the problems of \$200 billion fiscal deficits jacking up interest rates have yet to be resolved.

But that is not what France is saying. Lately, there has been an escalation in the rhetoric of animus from both Paris and Washington, even as the powers of oil on the waters point to the two countries as each other's oldest allies. This is the bicentenary year of the Treaty of Paris, which ended the Revolutionary War.

France's new economic czar, Jacques Delors, pulled no punches when he told the National Assembly recently that the United States was showing "contempt and insensitivity" toward its Western allies by doing nothing to slow the dollar's rise. This had already been one of the main points of contention at Versailles, and at Ottawa before that.

He noted, to echoes here, that even though interest rates have de-

clined somewhat they remain after adjustment for inflation higher than at any time since the Industrial Revolution.

That criticism came not from any of the communists, or Marxists, in the Paris government but from a centrist who has just consolidated his power and, in the process, given France a heavy dose of economic orthodoxy. The Delors star has risen as that of Jean-Pierre Chevènement, the leader of the Marxist movement in the Socialist Party, has been at least temporarily eclipsed.

Treasury Secretary Donald T. Regan indicated that he was not about to be pushed around and had no apologies to make. Fully aware of Mr. Delors' remarks, he told a press conference late last month in the Treasury that the United States had still not changed its policy on intervention in the foreign-exchange markets.

"The policy of this administration has been and continues to be that we consider intervention to be useful only in instances of a disorderly foreign-exchange market." And then the Treasury chief went a step further to accuse both France and Italy of failing to live up to a pledge made at Versailles to pursue policies aimed at greater convergence of economic policies.

The Regan statement on intervention caused some confusion because finance ministers of the seven summit countries had just met

and issued a statement saying they were willing to undertake "coordinated intervention." The American Treasury chief defined the term in this way: "We call them up on the telephone and tell them we're going to do it and see if they want to go along. If they go along with us, that's coordinated intervention. If they don't go along with us, it's unilateral intervention."

In other words, no concession to French views that the United States should actively work to curb the dollar's rise because it forces trading partners to keep their interest rates higher than they would like. But it could be a pre-Williamson negotiating position, as well.

Paul A. Volcker, chairman of the Federal Reserve Board, Martin Feldstein, of the Council of Economic Advisers, and other officials here have spoken publicly about a somewhat more active intervention policy that would dovetail with trends in broader economic policy.

The bone in Washington's economic throat is the reflation undertaken by President Mitterrand and his prime minister, Pierre Mauroy, which came against a backdrop of record high borrowing, high inflation, high trade deficits and disincentives that cut France's domestic savings to historically low levels. Washington was also unhappy with

the French government's nationalization, postponing the whole scope of government intervention in foreign trade.

But despite the dogmatic and rhetorical trite, the association of Mr. Delors is still welcomed here, along with another key cabinet change, the removal of Foreign Trade Minister Michel Jobert and his replacement with former Agriculture Minister Edith Cresson.

Mr. Jobert was the urbanization of United States Trade Representative Bill Brock at last November's ministerial conference of the 88-nation General Agreement on Tariffs and Trade. Initiator of recently dismantled French customs barriers against Japanese videotape recorders, he had argued at Geneva that free trade amounted to American economic imperialism.

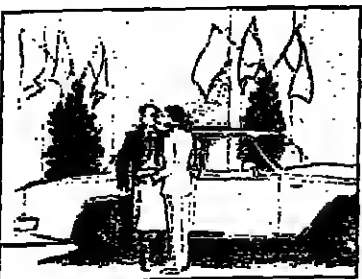
"We're happy that the free-trade option is being followed by France," said one high Reagan economic official, "and that there seems to be no serious threat to return to Fortress France."

But American officials are paying considerable attention to what is happening on the streets of Paris, where governments have been made and unmade. President Mitterrand represents the continuity of the Fifth Republic. While the relationship is prickly, Washington chiefly wants stability in Paris and to be able to deal with a known quantity.

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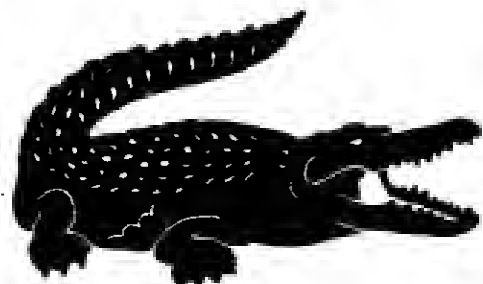
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FRANCE

Lang: A 'Passion for Internationalism'

By Michael Gibson

PARIS — The office overlooking the forecourt of the Palais Royal is a high-ceilinged affair covered in cream-colored 18th-century woodwork lined with gold reliefs and delicate painted flower chandeliers.

The large desk is cluttered with books and papers. A formal color photograph of Francois Mitterrand, which could obviously not be hung on the ornate wall, stands on an easel in the corner. Jack Lang, France's minister of culture, sits, his long, thin, and cross-legged on a slightly frayed embroidered armchair of the Directoire period.

Mr. Lang's style is informal but earnest, as he talks freely and sometimes even provocatively by the usual ministerial standards, but with a certain studied clerical poise. The first subject was quite naturally the volleys recently exchanged by some members of the French and American press in which one American journalist accused Mr. Lang of being "anti-American."

Answering that, Mr. Lang said: "It's all very distressing because my dominant passion is internationalism and, in fact, I have spent a good part of my life promoting American artists and getting them known not only to French audiences but to the American public itself. No, the opposition is not at all between America and France — the very idea is absurd, monstrous — but, in both countries, between people with capacities of invention and initiative who do not view the present crisis as an event decreed by destiny and those, on the other hand, who are only concerned with short-term profits and show no interest for the cultural movements of the day. But there is a class of French and American journalists who have imagined an artificial opposition between our two countries in order to conceal the real bond between those who, in both countries, are creative, inventive, progressive."

The remainder of the question and answer interview:

QUESTION: One correspondent suggested that you organized the "Creation and Development" conference of intellectual celebrities as a gambit aimed at influencing the municipal elections in France.

ANSWER: That does not make sense. How could a gathering of intellectuals in Paris, even if they did come from all over the world, be expected to have any influence in such a matter? On the contrary, you might well say, what an odd idea to organize this sort of meeting when one should be worrying about the elections! No, our convictions go deeper than that and, to tell the truth, some of the correspondents who are implying this sort of thing simply have less intellectual ties with the French press than I do to the present government.

Q: In Mexico last year, you used the term "financial and intellectual imperialism" to describe an aspect of the media market. Do you feel the term was well-chosen?

A: The term may have been ill-chosen, but it is a fact that we are dealing with a financial situation that is harmful to creative forces everywhere, including the United States.

Q: I gather that you were referring to the way many countries, in various parts of the world, are content, for instance, to buy inexpensive films and TV series in the United States.

A: I would not say "in the U.S." because what we are, in fact, concerned with is the work of multinational corporations.

Q: Yes, but your real concern, if I understand you rightly, was that this superabundant fare can, in the long run, have a disruptive effect on the way people in various parts of the world, perceive their own patterns of behavior and culture, hence their own identity.

A: Yes, but I could say as much about films made in our own country. I think that TV, quite generally, tends to conceal the real diver-

sity of a country. There is a real gap between this rich diversity and the impoverished image conveyed by TV.

Q: And what is the solution, in your view?

A: Well, I don't think that protectionism is a solution. Protectionism can be a people's spontaneous disinclination to discover what comes from other countries and France, in this sense, is not all protectionist. In Paris, for instance, there are some 200 to 300 films being shown at any given time, and about half of these are foreign productions. American cinema is very popular in France, and the great tradition of American cinema is a source of inspiration to us. The best defense against cheap, standardized products is certainly not protectionism but the encouragement of production in our own country. We have undertaken some very far-reaching reforms in the French cinema, for instance, with the result that private investment, last year, increased 30 percent — and so did attendance. And I think this sort of effort is beneficial to other countries too. American films make their highest profits in those European countries whose cinema is the most prosperous. Why? Because these are the countries in which an audience exists. In England or in Germany the public has deserted the cinemas and they have been allowed to disappear. In France we have managed to keep up an important network of theaters and we are creating 200 to 300 new ones every year. Which is why American films find their biggest audience and make their highest profits in France.

Q: And how do you account for the mediocrity of French TV?

A: Well, we have been through a period of uncertainty while the people in charge were being replaced and that was harmful, but things should be improving shortly and they are wrapping up some good series right now. I don't think mediocrity is inescapable! French TV was one of the best in the world

in the 1960s. But it remains true that the easy solution is to buy finished products abroad — products that have already paid back their investment.

Q: In fact, then, it is this "easy solution" that is at the bottom of what you referred to as "imperialism?" The blame, if there is a blame, rests with those who buy these products?

A: Of course. And that's the point on which my meaning was harshly distorted. You encounter this sort of passivity in every country and in fact this is the very root of the crisis. There is this undeniable international speculation, but the crisis is, first and foremost, within ourselves, in our minds and hearts, and is manifest in a passivity that is ready to submit to some imagined divine rule that supposedly condemns us to decadence! I am, on the contrary, convinced that we all have within ourselves a wealth of imagination and will that we should undertake to discover.

You know, I'd really like to meet the people who go about reading all sorts of sinister intentions into what I say, and I'd like to ask them what they have done in their own lives to favor the cross-breeding of cultures! I, for one, firmly believe in this cross-breeding: France certainly needs it and the high points of our art history have always been marked by the coming of artists from other countries. French theater of the 18th century would not have been the same without the Italians. And today there is an important influx of artists and writers, a fact that delights me because I am well aware of the infiniteness of the French and I think that without the contribution brought to us by other countries we would often be impoverished. And, finally, I think there is a certain kinship between France and America in this sense because we are both countries with a calling to universality, animated by the desire to welcome others and endowed with the ability to integrate what other cultures have to offer.



Culture Minister Jack Lang

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Fashion: The Nation's 10th-Largest Industry

(Continued from Page 11S)

portant to understanding French fashion. As for the fall clothes on the runways, the vast majority of observers deemed the most recent French effort a major success, noting in headlines and stories that major retailers planned to buy more in Paris than they did last year, a fact confirmed by several of the major fashion houses, which reported sales increases of from 10 percent to 40 percent for the same period a year ago.

While Tokyo, Milan, London

and New York vie for status, respect and editorial coverage as creators of important fashion, Parisian designers — though, at times, allowing that their competition for retail sales provide a certain niche or an occasional point of interest in the market — remain convinced they have no peers.

"Paris is always Paris," Emanuel Ungaro said. "It is and always will be the capital of fashion."

Sonia Rykiel has no doubt that that is true. "Fashion is essentially French," she said. "It's bed is Paris, but also in America, Italy and Japan pages are written, roles are played and fashions explode."

"But it is the French *créateur* who makes fashion, with its guidelines, its coherence and its unique and continuing aspects. The infinite way to play with time, to define the period, reflect the moment in life in which we are living — this is the essence of French fashion."

With few exceptions, it has been

the French who have provoked the most controversy and ultimately the most revolutionary changes in silhouettes. Some, in fact, have been so radically different from the looks that preceded them that historians often use these changes in dress to illustrate the mood of the times.

In the early 1970s, Parisian designers showed the "longuette" or the "midi," the ankle-ticking skirts that were, from the perspective of fashion as a business at least, a perfectly logical response to the current state of the art wherein it was decently impossible for skirts to reach the leg. Though this fashion innovation exploded into the headlines, the reception was not what the designers might have expected.

Instead of responding with delight women (and men) were outraged at the drastic change the designers suggested. Instead, women started wearing pants and, as a result, trousers for women evolved

into a perfectly acceptable alternative to dresses and, eventually, just another dressing option, which, naturally, the French refined into tastefully flattering pantsuits.

So even in those moments when the fickle chroniclers of fashion are disappointed by the French, or when they tout the latest "genius" in Italy, or are momentarily diverted by the intriguingly unfamiliar offerings from Japan or may perceive a fresh approach in American design, it is Paris that always remains the standard by which all others are compared and judged.

In fact, Chanel was correct when she said, "Much achievement is required to achieve the frivolous." Or more to the point: "Costume designers work with a pencil: it is art. Couturiers work with scissors and pins: it is a new matter."

But still, no matter what designers in other countries may do, it is France — and only France — that gives the world haute couture.



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The board of Directors of SNEA in its meeting on April 27, 1983 approved the 1982 consolidated accounts and those of the parent company.

ELF AQUITAINE CONSOLIDATED ACCOUNTS

Highlights (in millions of French Francs)

	1982	1981
Sales	114,808 (1)	104,424
Resources provided by operations (after exploration costs)	11,311	10,932
Net income		
— Minority interests	803	806
— Attributable to shareholders of SNEA	3,527	3,687
Net income per ordinary share	FF 39	FF 41
Acquisition of fixed assets	15,051	13,853 (2)

Sales and results

The slowdown in the rate of increase of sales in 1982 is mainly due to:

- the implementation of energy conservation measures and considerable differences between the official prices of the oil-producing countries and the substantially lower prices prevailing on international markets. This situation led the group to reduce its trading activities and its long term sales commitments.
- the incomplete and late application in France of the new system for determining regulated prices for oil products, which should allow costs increases to be passed on to consumers. The effects were aggravated by the rise in the dollar relative to the French Franc. On the basis of unchanged inventory levels and replacement costs, losses in this sector were above those in 1981. There were however some improvements towards the end of the year.
- a further deterioration of the market situation in heavy chemicals and fertilizers, and the collapse of the nickel market.

Despite this unfavorable climate, net income was substantially unchanged from 1981, thanks to the writedown of some 1,600 million French Francs of provisions set up in prior years following the resolution of the situation in Iran.

Capital Expenditure

Investment in fixed assets in 1982 was over 15,000 million French Francs, and exploration costs charged to income were 3,700 million French Francs. Since resources from operations were only 11,311 million French Francs, the group was obliged to increase long and medium term borrowings. As a result the debt ratio increased slightly from 33.5% to 34%.

Summary of consolidated balance sheet

(before appropriations, in millions of French Francs)

	1982	1981
Fixed assets	62,111	56,072
Working capital	20,563	19,146
	82,674	75,218
Financed by:		
Stockholders' equity before net income for the year	31,516	28,785
Other equity interests	11,921	11,058
Net income (before minority interests)	4,330	4,493
Total equity interests	47,767	44,336
Long and medium term borrowings	22,183	20,192
Other long term liabilities	12,724	10,690
	82,674	75,218

(1) 118,366 million French Francs including group's share of sales of ATO, CHLOE and SLN.

(2) excluding acquisition of TEXASCULF.

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سوالی و جوابی

STYLE

A Rothschild Tells His Story

By Hebe Dorsey
International Herald Tribune
"Contre Bonne Fortune" — "Against Good Fortune," a pun on the French proverb, "Against Bad Fortune, Good Heart" — is all about the making of a Rothschild, but this time from the inside, from Baron Guy de Rothschild, the dean of the French branch. Who else could tell stories about his family home, where the gardens were so well manicured that his grandmother, according to legend, never saw a dead leaf, until she went visiting her neighbors. "How beautiful," she reportedly said, "Where do you send for them? Hungary?"



The Baron and Baroness Guy de Rothschild.

learned much about himself in the process. "But I think I learned about my ability to write. I learned it is a lot of work but it can be done."

The grand-scale Rothschild parties are related in a special chapter devoted to his second wife, Marie-Hélène (née Van Zuylen, from one of the oldest families in Europe) to whom the book is dedicated. A vivacious, stylish woman, she was responsible for the pleasure of the guests. "Are you still feeling young enough?" was her opening line to Rothschild, 20 years her senior — and for giving glamorous fetes, including a Froust ball, where the old-fashioned photographer snapping the guests' pictures was named Cecil Beaton. "She provided the most spectacular, the most flamboyant side of my life," the baron said, quoting from his book: "She made me forget the color of gray."

His memoirs open with a familiar theme, money. "Everybody has money, nobody has enough of it," the baron wrote. The question everybody keeps asking him is: "Tell me, what is it like to be rich?" He finds this slightly annoying, "as if one was a different animal. But you know this sort of obsession of the French with money. It's different from the Americans, who are obsessed with making money. The jealousy, the pettiness of the French are very specific regarding money. They think that the money you make is always suspect. Its answer? 'Well, I don't want to play shy. I try to say: 'Look, my life is not dominated by being rich. For me, all right, money means the possibility of leading a certain kind of life and is a precondition, to some extent, to my profession as a banker.'"

The form of life the baron talks about is that of the Rothschild family, which he describes as "a combination of success in business in the 19th century, associations with European chiefs of state and the astonishing survival of a style of life." It all adds up to celebrity, which, he said, "at times can be embarrassing."

The early chapters tell of his growing up at the chateau of Ferrières, the family seat in France, about which Prussia's Wilhelm I, who occupied it after the defeat of Napoleon III, is supposed to have said: "A king couldn't afford this."

Only a Rothschild could. "An army of 50 servants (and another 50 gardeners) included an "admiral" whose sole duty was rowing on the lake, amid swans, at luncheon for the pleasure of the guests. A maid was imported from England just to make buses, muffins and scones, and each week a man spent a day reminding all the chateau's clocks.

Throughout the book, the baron comes across as a shy and very private person, particularly in the chapters where he describes his relationship with his parents, his mother especially, who closely supervised her children's education. Her favorite precept was: "Il faut se faire pardonner d'avoir plus que les autres." (You must get yourself forgiven for having more than others.) Partial to the British system, she taught her son and two daughters self-control, exacting discipline, the value of understatement and, paradoxically, good manners. So exquisite, in fact, that it all but cost the baron his life when, on a torpedoed ship during World War II, he could not bring himself to jump into a lifeboat before anybody else.

In the end, he says, growing up a Rothschild had its drawbacks. He found his mother overprotective and said she stunted his emotional growth and gave him an inferiority complex that took him years to lose. That is why his own children, he said, "were not overprotected or kept down." Of the family's recent reversals in French banking, the baron writes: "One is only defeated when one feels defeated."

There have been many books about the Rothschilds, but the fact that this is written by one of them — "Yes," the baron admitted, "it has something of the flesh" — explains its instant success in France. Just two weeks after its publication by Pierre Belfond, the book is already in its second printing and is number one on the France-Soir and L'Express best seller lists. Paris Match this week devoted 10 pages to the memoirs, mostly to the glory of the Rothschild myth.

But once a banker, always a banker. Told that he was the most popular man in New York's social circles (he has started an investment bank there and now lives in the United States four months of the year), the baron smiled and said: "Inflation."

Issermann's 'Eye' Captures Myths and Magic

By Barbara MacLaurin
International Herald Tribune

Dominique Issermann is fast becoming as sought after as the people she photographs.

When over two years ago her photos of Isabelle Adjani started appearing on the covers of fashion magazines, everyone suddenly realized they weren't just seeing a symbol of beauty photographed in an original way. No, someone had finally captured the Adjani magic, caught the young star saying what she wants to say about herself.

The French designer Sonia Rykiel believes Issermann always finds the fault, a crack in the surface where what's inside gushes out.

She was one of the last persons to photograph Princess Grace — simply as a beautiful woman, not a princess. Princess Caroline keeps the photo on a mantle in her living room and has made an appointment for her own photo session.

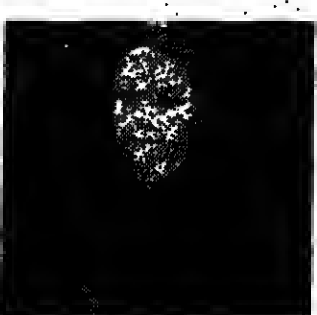
Stars, top fashion models, people who take their looks seriously want to sit in front of Dominique Issermann's camera. They want the dramatically enthusiastic 36-year-old with long, wavy blond hair to show them where their own beauty lies.

"Actresses have this fantasy that one day someone will catch them off-guard, surprise them when they don't have any makeup on, are just lounging around, being sloppy, and they will see they looked absolutely beautiful. But I don't want to steal beautiful images, I want to compose them," Issermann said, adding she wanted to be an actress herself, has always been interested in

theater and stage directing and has written several scenarios.

"I want people to work with me, admit the effort needed, the falseness of the situation. If I organize a photo session with Isabelle she must captivate me, make me want to take a good photo of her."

"Actresses and models have a reason to work with me; they need images of themselves that will



Dominique Issermann in a self-portrait.

please them. They are people who know they are going to function in their lives better and better by seeing more and more photos of themselves. They are nourished by their own image, which one could call pathological if one is on the other side and normal if one is a model. They have a very strong relationship with their image. You can change an image simply by changing the clothes, the hair, by knowing a V-neck will accentuate round shoulders. People think taking a good picture is picking the right moment and getting the right ex-

pression. I love Adjani's porcelain, glacial air so I'm not going to photograph her in a wheat field — Jane Birkin, yes."

Issermann said she enjoys working with Adjani because she knows she is making a photo and not being photographed. And because she has a healthy attitude toward what is false.

"There is always the idea, is it false or natural, but I think people often say what is sophisticated or very elegant is false. What is the difference between putting on a watch or a string of pearls? If people say someone has too much makeup on, they mean she looks better without it, and that too is an idea of beauty, in competition with another idea of beauty."

But then, "beauty doesn't mean anything. Look at the actresses who are said to be the most beautiful women in the world. I know girls who are more beautiful, but they can't express their own beauty." And then, of course, the idea of beauty keeps changing, she points out. "Rodin's women are too fat now; the women of the Middle Ages too bald and skinny. Botticelli's women seem to be the only ones that always look beautiful."

"For a while now there has been the phenomenon of childlike women. One sees David Hamilton's girls everywhere and in the United States it's the Lolita tendency. I think after the feminist movement the codes for expressing masculinity and femininity were disrupted; now the transvestites are the only ones dressing up with the idea of looking like real women." Laurent

Bacall was 17 when she started in films, Michele Morgan was 17 when she starred in "Quai des Brumes" and neither of them looked like little girls for one second."

Not so long ago fashion models looked as if being photographed was the funniest thing in the world. Why are they always laughing? Issermann wanted to know. Why did it seem all photographers were Woody Allen's?

Issermann's women are quiet, elegant, not showing off. They often suggest a mysterious melancholy.

Gone too is what she calls "the orgasmic look. It's almost a cliché to say for a photo to be good there has to be this sexual current flowing between the photographer and his subject. There is sensuality in everything, even eating bread, but it can be put on several different levels, an aesthetic one for instance.

Ten years ago this sexual relationship between the two was made very obvious in photos and in the movie "Blow Up." But I think that beauty was broken by women photographers like Sarah Moon and Deborah Turbeville. They brought a new image of woman. I sometimes ask myself why there is this melancholia in the photos we do of women. Perhaps it is a reaction to the forced gaiety before."

Rykiel says Issermann understands her clothes and when she photographs them they express what she wanted them to. "Her photos are very sophisticated, provocative. Her first photographs of the designer's clothes were almost like figures in a museum."

"I wanted the women to be very calm, like statues. I thought the sil-

houette was important and so I showed it as a shadow on the wall," Issermann said. "The next time I took the American model Lesley Winer, whose hair is usually shooting out from her forehead, looking very spectacular and tough, like a boy. That's her," she said, pointing to a prim-looking girl on a bicycle, her face hidden by a hat. "Everyone said, 'But you can't make her pose like a girl, completely soft.' Why not? I don't think one has to always show the face, a woman's personality, her humanity, can be shown by the movement of her body."

Karl Lagerfeld chose Issermann to photograph his first couture collection for Chanel because he was sure she would capture what he was doing. Chanel, Lagerfeld, Rykiel — completely different styles and she finds the essence in each. That is an important aspect of her work: understanding other people's style so completely that an Issermann photo cannot be instantly recognized the way, say, a Helmut Newton photo can.

"I love to photograph things everyone finds beautiful, the Eiffel Tower, an actress. I like to tackle myths like that, public images."



Speed and tracking events attract lurcher owners.

For the Love of Lurchers Gypsies and Gentry Meet

By Meredith Etherington-Smith
International Herald Tribune

Top people in great Wellingtons and tweed jackets are usually seen leading the sporting life with a brace of Labrador retrievers obediently at their heels. It's been that way ever since King George V of England popularized this breed. But recently, an alternative to the Labrador shows signs of becoming increasingly popular with the sporting set.

The lurcher, a "graze hound" which tracks its prey by sight rather than smell, was originally bred by gypsy poachers who, for obvious reasons, preferred to hunt by moonlight rather than sunlight. Though vociferously snubbed as a legitimate breed by the Kennel Club (it is a cross between a greyhound and either the collie sheepdog or the Bedlington terrier) the lurcher is becoming fashionably smart in an anti-chic sort of way. Docile when in its kennel, the minute the lurcher is set to some game, it becomes a deadly weapon.

So deeply bred is this hunting instinct that it can never be eradicated — which possibly explains why, at lurcher shows held informally in June and July at Lambourn,

Berkshire, the heartland of racetrack training, country gentlemen and their ladies rub shoulders with gypsies and poachers from all over the country as their lurchers compete in speed and tracking. While the Labrador can be trained as a hunting dog to retrieve and point with its master when out on a shoot, the hunting urge in a lurcher is purely instinctive. And perhaps the well-behaved public-school man in his tweed jacket and old school tie gets a thrill out of owning such an animal.

One thing is certain, the attraction of the lurcher is growing in England and while it will never replace nor function as the retriever for the hunt, it is offering the Labrador some stiff sporting competition as the dog of the moment.

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New York Designers Size Up Japanese Market

By Lesley Nonkin
International Herald Tribune

"American designers' names comprise roughly 15 to 25 percent of the merchandise in our store today," Kunii Tajima, general manager of the New York liaison office for Isstai, Japan, said. As more and more American designers develop quota-free licenses programs in Japan, that percentage is sure to grow.

Still, any designer, whether he creates bed sheets or bras, pajamas or pantsuits, must consider certain things when he begins to sketch designs for the Japanese market — the nuances of size, skin tone, hair color and cultural taboos that can make or break a career there.



De la Renta's best seller.

stead they must be re-proportioned. "The changes we make in the ready-to-wear collection are subtle," said Oscar de la Renta, who has been selling everything from suits to swimsuits in Japan for nearly eight years. "The length of the

body stays the same; the only big alteration we make is in the length of the skirt and sleeves. Voluminous ruffles, shoulder pads or long dolman sleeves, which can also overwhelm a small woman, must be modified."

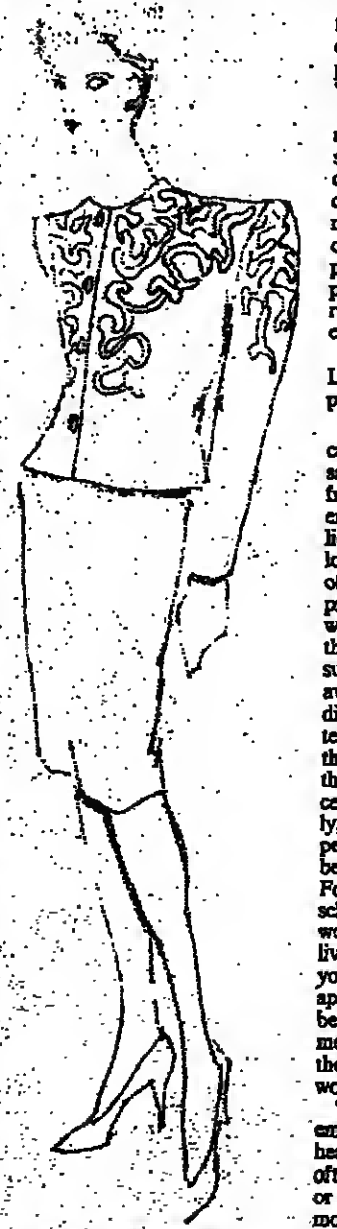
Perry Ellis said size is the only change he makes in his otherwise "pure collection" for Japan, and that, he believes, may be changing. "The last time we were in Japan we learned that since the end of World War II, the height of the Japanese population has increased two to three inches," Laughlin Barker, president of Perry Ellis International, said. "And, the average weight has gone up too." That finding, supported by the Japanese consulate in New York, may one day make size changes obsolete.

Though many Japanese licensees that reproduce the American collection in Japan use virtually the same fabrics as shown in New York, some designers find it helpful to rethink the line with Japanese color preferences, skin and hair tones in mind. "I recolor the line and rework the prints," Bill Blass said. "Navy and black might be perceived as funeral, so I change them to rosy, pastel, flattering colors. I also rescale large patterns into smaller geometries."

Clear de la Renta finds that the Japanese customer often prefers more durable polyesters to his imported silks. "It's not to make the clothing cheaper," he explained. "The Japanese simply have an understanding of polyester that we don't have. There you see polyesters that may be as expensive and beautiful as silks. Since many urban Japanese women live in such small quarters without a lot of ironing space, they may actually prefer polyester to silk because it looks good and is easy to care for."

One of the most difficult categories for New York designers to sell in Japan is evening wear. "Though I'm best known in the States for my evening clothes," said de la Renta, "I sell 95 percent day wear in Japan. The Japanese woman does not have the same evening life or the need for expensive evening clothes that the Western woman does. She may buy an evening dress — but it's the same way that a man buys a tuxedo — to wear for every occasion."

Blass agrees. "Because of the male corporate structure, it's primarily the men who assemble for dinners or evenings out." Many Japanese still prefer a traditional kimono for important occasions. "If it's a wedding, graduation, a national holiday or a new year's party, women have to spend the money — sometimes thousands of dollars — for a traditional kimono," Jun Kawai, New York representative for Issey Miyake, said. "And we rarely entertain at home, so there isn't even a need for 'hostess gowns,'" he added.



Suit by Bill Blass.

Nonetheless, Kazuo Kojima, New York-based women's wear manager for Seibu department stores, thinks the formal area is growing. "It has always been hard to sell evening clothes because Japanese women do not have many occasions to wear them, but gradually in the '80s a black suit or a one-piece dress is becoming an acceptable alternative."

Fragrances is also a difficult sell because, as de la Renta explained, some women still consider it "taboo." The result is that many American designers have refrained from establishing perfume licenses. "The very young don't accept that, but they are not in the position to buy expensive perfume," he said. "It's not easy for Americans to get licenses for cosmetics and per-

fumes," Seibu's Kojima said, "because they often have to get approval for the formulas from our 'food and health' agency."

Another reason for the difficulty may be "simple anti-snobbery," said Isstai's Tajima. "When it comes to designer perfumes, most consumers want to know why it is necessary to put a designer name on it. Japanese women know that perfume is perfume — the most important thing is fragrance." As a result, only the more conservative, established fragrances sell well.

At Isstai, Chanel, Yves Saint Laurent and Guerlain are the most popular names.

In all this rethinking, retooling, re-coloring worth it? "Absolutely," say the designers. The royalties from Japanese licensees can be enormous. Bill Blass earns \$10 million from his. And because of the lower labor costs and high quality of production, many designer products — from shoes to ready-to-wear — actually cost less in Japan than in the United States, so a consumer can buy more. And, on the average, they do. In fact, Iro Sato, director for the Japan Trade Center in New York, said that "though the average household income of the Japanese family is only 60 percent of the average American family, many women spend more on expensive clothing than Americans because the cost of living is lower. For instance, throughout high school, college and pre-marital working life, most Japanese women live at home with their parents. A young woman living alone in a city apartment as in New York would be frowned upon," he said. "Rent, meals and laundry are paid for by the parents, who often give young women a considerable allowance."

"Many companies also pay for employees' commuting tickets and health insurance like Medicare is often covered by the government or company," Tajima added. "In most companies there is a lunch room so that women don't have to go out to expensive restaurants."

A young woman's salary may also be supplemented by a generous bonus system. "Sometimes a bonus may be worth three or four months of pay," Sato said, "and it may be given twice a year. Also taxes are about one-third of what Americans pay. So it may be that Japanese women have more disposable income than young Americans." And hence, more spending power.

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WALL STREET WATCH

by EDWARD ROHRBACH

Bull Market Expected to Last Into the Second Half of 1984

Baschall's Yogi Barra, who studied English as a foreign language at the renowned Casey Stengel School of Articulation, said it best: "It ain't over till it's over."

He was talking about the bull market, of course.

Problem is, nobody knows if Wall Street is already down to its last out in the ninth inning or still batting around in the first.

Robert Farrell, Merrill Lynch's chief market strategist, thinks it is somewhere in the middle innings and should last until sometime in the last half of 1984.

"We are dealing with a powerful secular force that goes beyond the cyclical rebound of the lower interest rates and a better economic outlook," he said. "It is going to take a lot to kill the momentum this bull market has generated."

"He notes that all the effort in recent months to identify a correction is a healthy sign and when one occurs will only hold significance for short-term traders."

"Laggards and low priced stocks may carry further for another week or two but generally the market appears to be in the same extended position it was in early November before the only correction—8 percent—that mattered in this bull market."

Robert Prechter Jr., whose Elliott Wave Theorist newsletter charts long complex cycles, appears to be the market's most rabid fan. Maximum risk for the Dow average is 1,105, a dip he sees as possible but not expected. He says the "primary wave" should run to 1,500, while 3,686 is ultimate target for the index.

Heinz Rantz, investment manager for HANSA, a private money management firm in Basel, calls U.S. high technology issues "generally overpriced" and advises a conservative approach by European investors to the stocks.

"Buy a basket of different companies," he said. "That way you're protected if one of them stumbles."

Mr. Rantz, who returned this week from his annual trip to Silicon Valley, observed that the pace in California of high tech activity—new companies, new products—has accelerated.

Field Getting Crowded

"Two or three years ago I thought it had peaked," he said. "Then there were no software companies, for example. But today there are dozens. He recommends that investors take profits in areas facing the toughest competition. "The small computer field is getting very crowded," he noted.

"More disappointments like we've had lately in NBI and Prime Computer could deflate the high tech group generally," he said. "But there's still a lot of investor interest and most stocks should continue to go higher. I forecast big winners and big losers."

This phenomenon—the difficulty ordinary people have in adjusting to the rate of change in high technology—is called "silicon shock" by Prudential-Bache's Fred Frankel.

The firm's technology investment strategist, Michael Weisberg, adds that it is only part of "multiple shock" that Wall Street is experiencing and fits in with Bache's major investment thesis: "Lower inflation will cause an expansion in the overall market multiple and a widening of the relative multiples for those companies that can sustain very high earnings growth."

Nevertheless, he accepts that the high level of investor anxiety about the group is well founded. For the year, his index (90 stocks) has more than doubled the Standard & Poor's 500 composite and in May has been outperforming it by a 6.6-to-1 margin.

Bache's current favorites are Tandy, Tandon, ROLM and Intel.

Sweaty Palms

But the California Technology Stock Letter, published by Venture Capital Management in San Francisco, also has sweaty palms over the sharp rise recently in the group.

Price appreciation of recommended issues had reduced the buy list to only three stocks—Tymshare, Pizza Time Theatre and NCA Corp.—and this week they were put on hold after rumors.

"Just because high tech is so dynamic doesn't mean you should pay any price," said James D. McCausland, the letter's editor.

Fear was the dominant emotion among investors last summer on Wall Street, he observed. Now greed has taken over. "It's difficult to sell stocks because you may miss out on the next up move. It's easy to buy stocks with a 'story' that's supposed to make them go up, even though a realistic analysis might suggest large short-term risks. "Story stocks" can be particularly seductive in markets like these, because the first few times you resist the stories the stocks usually go up. Then you assume you should have bought and thereby set yourself up for a mistake when the next "story" comes along."

Equity Research Associates, New York, another investment advisory service that has ridden the high-tech crest with great success, is also wondering how much room is left in the stocks. The only two in the group it is still recommending are Verano Research Corp. and Visiary International, both regarded as "unexploited" and not because this bull market has not yet gotten down to the V's in the alphabet.

International Herald Tribune

NYSE Ends Day Mixed

Compiled by Our Staff From Dispatches

NEW YORK — Late selling caused stock prices to close mixed Wednesday on the New York Stock Exchange.

Analysts said a major factor behind the selloff was a rumor that Merrill Lynch, the big securities firm, had issued a sell signal on the market. Merrill Lynch chief market analyst Robert Farrell said there was absolutely no truth to the rumor.

The Dow Jones industrial average had climbed as much as 14.80 points during the day but weakened in the afternoon and closed off 2.23 points at 1203.56. Advances led declines, however, by about 900 to 600. Volume swelled to about 100 million shares from 79.51 million Tuesday.

Analysts said they had expected to see profit-taking periodically since the market has scored huge gains during the past nine months.

President Ronald Reagan encouraged some traders by stating Tuesday night that he thought interest rates would decline soon despite jitters in the financial markets about the size of federal budget deficits.

Mr. Reagan told a news conference "all of the economic indicators are such that I see no reason why they (interest rates) should be going up."

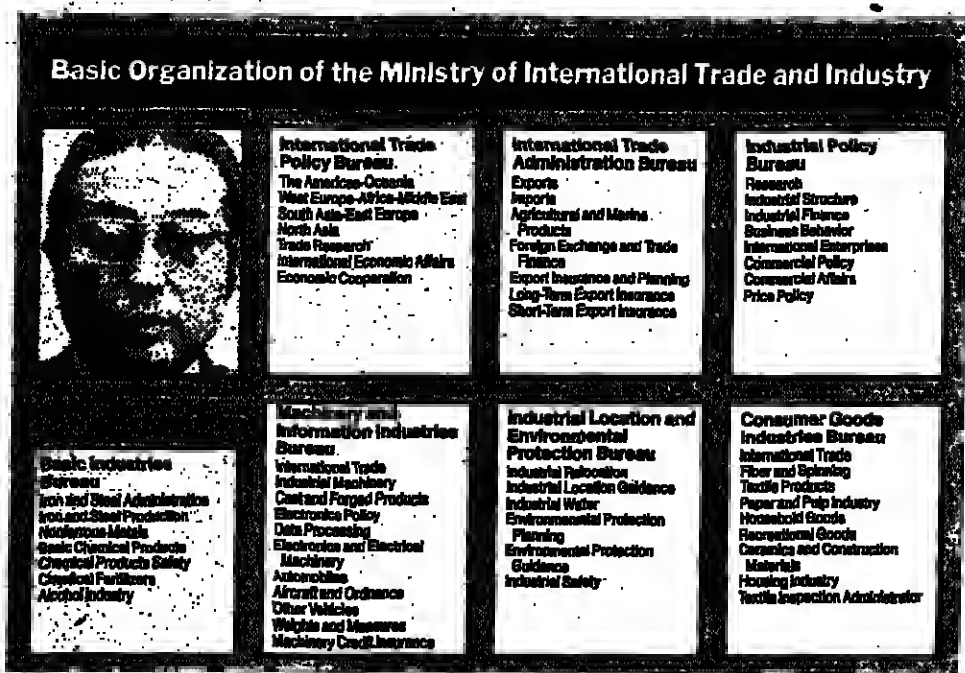
Frederic Martin, Federal Reserve vice chairman, also allayed fears of higher interest rates caused by two sharp increases in the narrow measurement of the nation's money supply by stating Tuesday that the board was concentrating on broader measures that have not grown as much.

Investors were encouraged that rates on federal funds, which banks lend each other overnight, declined a bit and that the Fed had pumped money into the banking system to keep rates from rising.

Published reports said the economy appeared to have gotten off to a relatively robust start from the recession. The Fed reported personal income rose 0.8 percent in April.

On the trading floor, American Telephone & Telegraph was high on the active list with a block of 100,000 shares at 66 1/2.

Zenith Radio, which presented three new color television sets designed to be used with increasing numbers of video services, was on the upside.



MITI: Unfair Competition, Or Lesson U.S. Could Learn?

By Steve Lohr
New York Times Service

TOKYO — Much of the reason for the shining success of Japan's industrial policy can be found within the walls of two drab brick buildings in the Kasumigaseki district here. They serve as the headquarters of the Ministry of International Trade and Industry, known as MITI.

The ministry is the maestro that orchestrates Japan's industrial policy, which is designed to nurture fledgling industries and smoothly retreat from older ones. That approach, the centerpiece of business and government collaboration that has helped fuel the rapid advance of the Japanese economy in the post-war era, increasingly has become the focus of international criticism.

On the surface, MITI's role is straightforward enough. It determines the industries that are important to Japan's future and organizes collective research projects and provides seed money for those areas. In declining industries, MITI decides how sacrifice will be allocated among various companies. Its decisions are not mandates, however, affected companies normally give their assent.

But foreign critics, mainly in the United States, charge that this industrial policy gives Japanese companies an unfair edge in the competition for global markets. Too often, they say, U.S. enterprises are competing not just against Japanese companies but against the Japanese government as well. They contend that Japanese policies to assist specific industries amount to a subsidy to Japanese exporters, helping them take over foreign markets.

Historically, MITI subsidized selected domestic industries while protecting them from foreign competition behind a wall of tariffs, quotas and restrictions on investment by outsiders. Today, most of the blatant obstructions have been removed, but foreign critics charge that MITI has been far too slow in dismantling the so-called non-tariff barriers to the Japanese market such as petroleum customs-clearance procedures and product testing requirements.

In recent months, U.S. trade officials have frequently attacked Japanese industrial policy, but the Reagan administration has so far resisted taking steps against Japan. Washington officials, however, have hinted that some measures are a possibility.

Lionel H. Oliver, undersecretary for international trade in the U.S. Commerce Department, said: "When Japanese industrial policy wreaks havoc with American interests, I think we have to take a long hard look to see if there is an unfair advantage."

The first meeting of a group of U.S. and Japanese trade officials established to resolve differences over industrial policy gathered in Tokyo Saturday and Monday. Progress that will satisfy the U.S. side is unlikely. Japan has no intention of altering its industrial policy because of U.S. criticism, which it views as unfounded.

Naohiro Amaya, former deputy vice minister of the Ministry of International Trade and Industry, who for decades was one of the principal architects of Japanese industrial policy, said: "The real reason for the foreign criticism of our industrial policy is that we have been successful."

To overseas critics, Japanese officials reply that their government subsidizes industry far less than many nations. Besides, they ask, if the government plays a role in helping companies move into new industries and smoothly depart from older industries, what is wrong with that?

Indeed, a growing number of U.S. politicians, academics and business executives contend that the United States should adopt an industrial policy of its own, although they are vague about the steps to take.

This group notes that in Japan, the close cooperation (Continued on Page 19, Col. 1)

Trafalgar House Buys 5% of P&O; Bid Is Expected

By Bob Hagerty
International Herald Tribune

LONDON — Another big British takeover bid appeared likely Wednesday as Trafalgar House announced that it had acquired a 5 percent stake in Peninsular & Oriental Steam Navigation.

Trafalgar, a construction, property and shipping company, declined to comment on its intentions. The company's chairman, Lord Inchcape, recently said that Trafalgar was considering new bids.

Speculation about such a move pushed P&O's share price to the highest level in a decade, 191 pence (\$2.97), up 27 pence for the day. At that price, a full bid for the shipping concern would cost about £280 million.

One share analyst estimated, however, that Trafalgar would have to pay at least £350 million. The analyst said that the shipping industry is probably at the bottom of its long slump and thus offers strong recovery prospects.

The slump has prompted P&O to reduce its dependence on shipping to about half of revenue and concentrate more on its construction, haulage and oil interests. In 1982, P&O's pretax profit fell 18 percent to £33.5 million. Revenue grew 15 percent to £1.21 billion.

Trafalgar has weathered the slump more buoyantly. Its pretax profit for the six months ended March 31 totaled £33.6 million, up 21 percent from a year earlier. Revenue for the six months was £614 million, up 24 percent.

In reaction to the bid speculation, Trafalgar shares slipped 9 pence Wednesday, ending the day at 173 pence.

A P&O spokesman called the Trafalgar announcement "an interesting development" but declined to comment further. P&O's board, headed by Lord Inchcape, met early in the evening.

Meanwhile, BTR's struggle to acquire Thomas Tilling for about £660 million continued Wednesday, with both industrial conglomerates seeking to score verbal points.

"We do not want to become part of the seventh largest amorphous mass in British industry," announced Sir Patrick Meaney, chief executive of Tilling, whose interests include building supplies, health care, publishing and insurance.

Morgan Grenfell, acting as BTR's merchant bank adviser, said Wednesday evening that BTR had picked up about another 1 percent of Tilling's shares in the stock market during the day. That left BTR with control of about 23 percent of Tilling.

BTR, which makes a wide variety of industrial supplies, announced Tuesday that its latest bid is final and would lapse June 8 if sufficient acceptances were not received.

But they noted some intervention Wednesday morning after trading began at 6.9885 to the U.S. dollar. This steadied the market, but the Hong Kong dollar fell again late in the day, they said.

Meanwhile, the Hong Kong dollar's trade-weighted index showed the currency has lost more than a quarter of its value since 1981.

Continuing uncertainty has encouraged a flow of money into other currencies despite efforts by the government to boost confidence. "Be patient, believe in Hong Kong," said a spokesman.

U.K. Wages Rise 8.2%
LONDON — Average wages rose 8.2 percent in Britain during the 12 months to March, provisional Employment Department figures showed Wednesday. The agency also reported that the revised increase in February was 9.3 percent.

Hong Kong's Dollar Drops to a New Low

HONG KONG — The Hong Kong dollar fell to a record low Wednesday, with the U.S. dollar trading for the first time at more than 7 Hong Kong dollars, reflecting continuing worries about the British colony's long-term future.

Dealers said that the local currency could be expected to slide further now that it had breached the psychologically important level.

Traders attributed Wednesday's quote of 7.0030, from 6.9715 Tuesday, to the purchase late in the day of a large number of U.S. dollars by one buyer, as well as to worries about the future.

Most of Hong Kong is leased from China under treaties expiring in 14 years. Beijing has reaffirmed its intention of regaining sovereignty.

The previous low of 6.98 to the U.S. dollar was set last October, when the colony's financial markets plummeted in reaction to an inconclusive visit to Beijing by Prime Minister Margaret Thatcher of Britain.

Continuing uncertainty has encouraged a flow of money into other currencies despite efforts by the government to boost confidence. "Be patient, believe in Hong Kong," said a spokesman.

CURRENCY RATES

Interbank exchange rates for May 18, excluding bank service charges.

	\$	£	D.M.	S.F.	Y.F.	Sw.	N.Y.	S.P.	D.M.
American	2.26	1.57	112.44	23.25	1.189	5.65	126.10	31.28	
Spanish	41.15	74.78	19.77	4.64	2.255	7.24	5.07	24.86	
French	2.48	1.36	120.33	23.25	1.189	5.65	126.10	31.28	
London	1.27	1.00	103.76	21.48	1.074	5.34	120.33	30.85	
Japan	144.10	228.46	39.34	19.41	1.074	5.34	120.33	30.85	
New York	1.00	0.75	74.78	1.57	0.45	1.27	100.00	24.86	
Paris	2.48	1.36	120.33	23.25	1.189	5.65	126.10	31.28	
Stock	2.04	1.29	103.76	21.48	1.074	5.34	120.33	30.85	
100	0.92	0.89	103.76	21.48	1.074	5.34	120.33	30.85	
100	1.00	0.75	74.78	1.57	0.45	1.27	100.00	24.86	

INTEREST RATES

Eurocurrency Deposits May 18

	1M	3M	6M	12M	18M	24M	36M	48M	60M
1M	5.15	5.15	5.15	5.15	5.15	5.15	5.15	5.15	5.15
3M	5.15	5.15	5.15	5.15	5.15	5.15	5.15	5.15	5.15
6M	5.15	5.15	5.15	5.15	5.15	5.15	5.15	5.15	5.15
12M	5.15	5.15	5.15	5.15	5.15	5.15	5.15	5.15	5.15
18M	5.15	5.15	5.15	5.15	5.15	5.15	5.15	5.15	5.15
24M	5.15	5.15	5.15	5.15	5.15	5.15	5.15	5.15	5.15
36M	5.15	5.15	5.15	5.15	5.15	5.15	5.15	5.15	5.15
48M	5.15	5.15	5.15	5.15	5.15	5.15	5.15	5.15	5.15
60M	5.15	5.15	5.15	5.15	5.15	5.15	5.15	5.15	5.15

Key Money Rates

	Close	Prev.	Close	Prev.
100	100	100	100	100
100	100	100	100	100
100	100	100	100	100
100	100	100	100	100
100	100	100	100	100
100	100	100	100	100
100	100	100	100	100
100	100	100	100	100
100	100	100	100	100

GOLD PRICES

	Close	Prev.	Close	Prev.
100	100	100	100	100
100	100	100	100	100
100	100	100	100	100
100	100	100	100	100
100	100	100	100	100
100	100	100	100	100
100	100	100	100	100
100	100	100	100	100
100	100	100	100	100

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Wednesday's AMEX Closing Prices

[illegible][illegible]

1900	1901	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100
1900	1901	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100

(Continued From Page 19)

[illegible]

by Jonathan Starr

Mitsui Is to Resume Work on Iran Project

Project

workers at the site, before they evacuated.

The Japanese must first survey the damage at Bandar Khomeini, and construction will not begin for a few months.

For Mitsui, one of Japan's giant industrial groups, the joint venture was at one time viewed as a shrewd way to gain access to low-cost raw materials for its resource-poor na-

The 50-50 venture was established in April 1973, before the Arab oil embargo. At the time, Iran was viewed as perhaps the most stable country in the Middle East.

But almost from the start of construction in 1976, the project was riddled with problems and has become a huge financial liability. In 1979 the Japanese government, which had encouraged Mitsui to proceed, declared the complex a "national project," affording the Japanese side government insurance against losses and some federal funds.

The financial commitments by the Japanese side so far amount to \$1.5 billion at current exchange rates. The uninsured portion, or potential loss for the Japanese side, is \$715 million.

French Credit Agency Launches Eurobond

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Floating Rate Notes

[illegible]

1973	591	12%	13%	13%+	1/2
1974	475	17%	18%	17%+	1/2
1975	595	29	28%	28%	
1976	567	12%	22	22%	1/2

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SPORTS

Islanders Beat Oilers, Sweeping to 4th Straight Stanley Cup

3 First-Period Tallies, Smith's Goaltending Decisive

Compiled by Our Staff From Dispatches
UNIONDALE, New York — The New York Islanders, riding rapid-fire first-period goals by Bryan Trottier, John Tonelli and Mike Bossy, completed a stunning four-game sweep for their fourth straight Stanley Cup here Tuesday night with a 4-2 victory over the Edmonton Oilers.

The Islanders rocked the Oilers with their early three-goal lead and then held on during a spirited comeback to become only the second National Hockey League franchise to capture four consecutive titles. The Montreal Canadiens won five from 1956-60 and four from 1976-79.

Bossy scored the cup-winning goal for the second year in a row and had five game-winning goals in these playoffs, an NHL record. He led all playoff goal-scorers with 17. Ken Morrow's empty-net goal with 1:09 remaining, his second of the series, clinched the title.

But New York couldn't have extended its victory streak to 16 series without the solid goaltending of Billy Smith. The only player left from the Islanders' 1977 first-year team, Smith was steady throughout the post-season and spectacular against Edmonton. He was named winner of the Conn Smythe Trophy as the playoffs' most valuable player.

Trottier took the trophy in 1980, Butch Goring won in 1981 and Bossy last year.

Trottier, shadowing Wayne Gretzky for most of the first three games, scored his first goal of the series at 11:02 of the opening period. On an Islanders power play, Oiler goalie Andy Moog missed a chance to stop the puck as Bossy shot it around the rear boards.

Moog had barely scrambled back to his position when Clark Gillies,

from the left corner, centered perfectly to Trottier in the slot. Considered by some to be the strongest center in the game, Trottier rapped in his wing's pass for a 1-0 lead.

Within 43 seconds, the Islanders had scored again. Bob Nystrom, taking the puck in the right corner after some good forechecking on Charlie Huddy by Tonelli, caught his left wing breaking into the slot. Without stopping, Nystrom's perfect feed, Tonelli jammed the puck by Moog for a two-goal deficit.

The Islanders had their third goal 54 seconds later on a play Trottier began deep in his own end. Bossy, taking a long pass from Trottier just over the red line, picked up speed and skated straight for Moog, waiting until the goaltender had moved out of his net before nailing the puck squarely into the back of the cage on a quick, low wrist shot.

Coming into the game, Edmonton had led in the series for a total of 5 minutes 42 seconds, and when the Islanders left for the first break with the 3-0 lead Smith had blanked them in six of 10 periods.

The Oilers, who set a league record with 424 regular-season goals and entered the finals having outscored their playoff opponents, 74-33, finally got going in the second period. They scored once in the first minute and again in the last to make it 3-2.

Gretzky fought off a slash by Trottier and fed Jari Kurri for a short wrist shot at 3:55. Mark Messier got his first goal of the finals at 19:39 when he tripped defenseman Anders Kallur and snapped the puck home in the same motion.

At the start of the third period, with the Oilers pressing to tie, Gretzky fired a rising shot that Smith barely snugged with his glove. Smith subsequently made

saves on point-blank shots by Ken Linseman, Kevin Lowe and Glenn Anderson.

Smith shut out the Oilers in seven of 12 periods in the title series, allowing them an average of only 1.5 goals a game. Overall, New York outscored Edmonton, 17-6.

Gretzky finished the playoffs as the leading scorer, setting records for points with 38 and assists with 24. But in the finals he was held to four assists — and no goals.

Gretzky had his chances, but each time he shot either Smith or the Islanders' defense made the goal-deadly play.

Observed Gretzky, a 71-goal scorer during the regular season: "The Islanders played disciplined hockey — without a doubt, they start us down offensively. I guess their patience and composure was a lot better than ours."

"I honestly tried hard," he said, "but I guess I could have played better. My job is to put the puck in the net. And I didn't."

The Islanders' mastery of Edmonton's power play, the league's best in 1982-83, was another key factor in the sweep. New York successfully killed off all but one of 20 power plays. The Islanders were slightly more effective, scoring twice in 14 chances.

The series, which had been billed as a classic matchup before the Islanders turned it into a rout, also had its ugly moments.

In Game 1, Smith slashed Edmonton's Glenn Anderson on the knee, generating renewed controversy about his goal-tending style. In the second game, he slashed Gretzky on the leg pads. The usually mild-mannered Oiler skated to the goal crease, brandishing his stick, the pair exchanged words and Smith was given a five-minute major penalty. Near the end of

Game 2, Edmonton's Dave Lumley speared Smith near the throat.

All of that was set aside until 11:34 "remained" Tuesday night, when Anderson, on an Edmonton power play, slashed Smith in the facemask and received a major.

Smith admitted that, by flopping to the ice and writhing around, he had been acting somewhat.

"I was hurt about as bad as Wayne Gretzky was," he said, referring to the Game 2 run-in. "When Gretzky got hit, he cried and went down, so that's what I did. I got on my back and squirmed, and they got the five-minute penalty. Two can play at that game."

The Islanders have now won nine straight games in the finals. Their overall record is 16-3 in championship series, which they have won each time they've qualified. Smith's cup record during the past four years is 57-13.

The Oilers have made the playoffs in each of their four years since being absorbed into the NHL from the World Hockey Association in 1979. They lost in the first round in 1980 to Philadelphia, in the second round to the Islanders in 1981 and in the opening round to Los Angeles last year before becoming the fourth team in eight years to be swept out of the finals.

The Islanders, who by now have perfected the art of celebrating, were hardly blasé about their latest NHL title.

Following the final buzzer, Denis Potvin hoisted the Stanley Cup over his head and skated joyously around the ice. Potvin's father, Armand, has cancer in his lungs, but attended Tuesday's game.

"More than anything," said the Islanders captain, "I want to win it for him. That cup above my head was for him."

"Last year," said forward Bob Bourne, the Islanders' leading scorer in the playoffs with eight goals and 20 assists, "we were so calm afterward. It was no big deal. This year, it's crazy. This means so much to everybody."

"This fourth cup is so great because we beat Edmonton after a lot of Canadians said Edmonton can't be beat and wrote us off," said a feisty Smith, who admitted he was bitter about the way he was treated by much of the Canadian press.

"This was the toughest for me because of all the aggravation and cheap shots the press took at me."

"I can't compare the cups, but this by far was the toughest," said Morrow, who has gone from an Olympic gold medal in 1980 to four straight NHL titles. "We beat two of the top teams in the league."

— Boston and the Oilers. "To beat down Edmonton four in a row is just unbelievably satisfying."

"Dynasty," said General Manager Bill Torrey, echoing a question. "No. There's another one to go — the Canadians won five, you know. But I don't know if there is a better team than this one."

Said Bossy: "I don't think of us as legends. But I don't think there was a team in hockey that could have beaten us this year. We are the best team in hockey. Next year, No. 5."



Mike Bossy beat goaltender Andy Moog on a breakaway at 12:39 of Tuesday's first period for what proved to be the decisive score in the Islanders' Stanley Cup-winning 4-2 triumph. Bossy also scored the title-clincher last year.

A Dynasty: Making Four the Hard Way

By Dave Anderson

New York Times Service

NEW YORK — Four championships in four years. By accomplishing that Tuesday night in the Stanley Cup finals, the New York Islanders emerged as one of history's most elite sports organizations.

High society was once known as the Four Hs: money, power, beauty and brains. But when Torrey was asked to select the single biggest reason for the Islanders' success, he doesn't hesitate. "Al Arbour," he says.

"All these players have been together under one coach through all of this. One coach who took them through all the tough times and through all the heady times and kept their heads on straight."

"Success is more difficult to deal with than failure. And the reason Al's been a success is that he's not an ego guy. He's a solid human being. He transmits what he is and what he stands for."

Torrey hired Arbour as the coach a decade ago, but quietly minimizes the wisdom of his decision.

"Initially I wanted Al for his knowledge of the defensive game," Torrey says. "The season before he arrived, we were the worst defensive team in NHL history. Rebuilding our defense was our first major step. And then, as the young players came along, Al impressed on them that hockey is like life. What you put in is what you get out of it. That's a cliché, but we live by it."

To appreciate what it means to win four consecutive championships in any sport, consider the teams that haven't.

In the National Football League, the longest reign has been three years, by the Green Bay Packers of 1956-57 (including the first two Super Bowls) and 1958-59, when the championship was determined by the regular-season standing.

Aside from the Yankees, only one baseball team has won three consecutive World Series — the Oakland A's in 1972-73-74.

In the NBA, no team has repeated as champion since the Celtics won the playoffs in 1968 and 1969. Three decades ago the Minneapolis Lakers won three consecutive titles (1952-54), but not a fourth.

In the NHL, only one franchise other than the Islanders and the Canadiens has won as many as three straight Stanley Cups: the Toronto Maple Leafs, twice (1947-49 and 1962-64).

With four, the Islanders now deserve to be compared to the two Montreal dynasties two decades apart. Their players would deserve to be mentioned with the glorious names of those years: Maurice (Rocket) Richard, Henri (Rocket) Richard, Jean Beliveau, Bernie (Boom Boom) Geoffrion, Dickie Moore, Doug Harvey, Tom Johnson, Jacques Plante and Coach Toe Blake, all of the 1956-60 team; Guy Lafleur, Yvan Cournoyer, Jacques Lemieux, Bob Gaiety, Larry Robinson, Guy Lapointe, Serge Savard, Ken Dryden and Coach Scotty Bowman of the 1976-79 team.

Having seen both of those Montreal dynasties, I consider the Islanders the best team in NHL history, for two reasons: first, the natural evolution of the game; second, Torrey's wisdom in choosing Arbour and that nucleus of quality players.

The common denominator for the Islanders now and those Montreal teams, as it is with all successful franchises, is the man who makes the decisions in selecting the coach and the players.

On the Canadian team that won five cups in a row, Frank Selke was that man. On the Canadian team that won four straight titles, Sam Pollock was that man — so much so that the Canadiens still won the year after he had retired.

On the Islanders now, Torrey is that man. Without him, the Islanders might never have improved much from an expansion team that was a joke.



In the Nassau Coliseum pandemonium that followed an insurance goal by Islanders Ken Morrow at 18:51 of the third period, a stunned Pat Coffey (seated) and a dejected Wayne Gretzky (standing, center) perfectly reflected the mood along the Edmonton Oilers bench.

New Javelin Star Lights Up the Sky

New York Times Service

LOS ANGELES — On a bright spring day in 1977, a 19-year-old baseball player had finished practice and was walking across a field at Palomar Community College in San Marcos, north of San Diego, when he saw a javelin in flight.

The thrower was a national junior-college champion; the onlooker was Tom Petranoff, and his interest was stirred enough for him to ask the thrower to teach him how to do it.

That champ said he had no time, so Petranoff got another thrower to show him. Six years later, that curiosity ended in a world record. Last Sunday, Petranoff won the javelin event at an invitational meet at the University of Southern California with a throw of 327 feet 2 inches (99.72 meters). That bettered the previous world record by almost 10 feet — Hungarian Ferenc Parag's standard of 317-4 had been set in 1980 — and the U.S. mark by almost 13.

Doc Martin, the Palomar track-and-field coach, was working with pole-vaulters on the day Petranoff first picked up the javelin. When he

saw the throw go 150 feet, he turned to an assistant and remarked that the guy might have potential.

A few seconds later, a throw sailed 170 feet.

Recalls Martin: "I said, 'Wait a minute. This guy is throwing on Friday.'"

Martin walked over, put his arm around Petranoff's shoulder and smiled.

"Go to school here!" asked the coach.

Two days later, in a meet against Chaffey College, Petranoff, wearing baseball shoes, threw a javelin competitively for the first time. It went a winning 198-10.

Four weeks later he won the conference championship, throwing 252-1. He captured the national junior-college title and, he said, was undefeated that year against international competition.

It was a fast beginning, but for the 25-year-old Petranoff it was slower than the events of the past Sunday and Monday. He uncocked his record throw at about noon Sunday, and for the rest of the afternoon he faced more reporters than he had ever seen.

The next morning he started a job at a brewery that had been arranged long before his world record. When he arrived at his office at 8 A.M., someone handed him a phone. It was a reporter from Stockholm.

At noon, the 6-foot-10-inch, 220-pound athlete faced another battery of reporters at a luncheon. Wearing a baseball cap, casual slacks and a white, button-down dress shirt open at the collar with two pens clipped to a bulging pocket, he answered more questions.

"Right at the end," he recalled of his throw, "something in me gave out a gram, which I normally don't do. It was like a sign that everything was together. The throw was like it was in slow motion from the time I started my pull. I just relaxed."

Petranoff's involvement in track and field was as accidental as his chance to see that javelin soaring through the air in 1977. He was not interested in track and field when he attended Naperville Central High, about 40 miles southwest of Chicago, where state rules prohibited high school students from throwing the javelin.

He was a high school all-American as a pitcher and outfielder and was a quarterback and linebacker in football. All the emphasis was on team sports, he explained. "No body ever tried to track meets. I was never really interested." When he was 17, he moved to California.

Petranoff said he celebrated his record last Sunday night with his wife, Carolyn, by having a few beers and watching television at their home in Northridge, but that he was so excited he could not sleep all night.

"I don't think it's fully sunk in," said Petranoff, the first American to hold the world javelin mark since 1961.

"And I hope it doesn't. I hope it doesn't get to the point where I ask, 'What more can I accomplish?' I'm overwhelmed, but I still feel I have more to prove."

Later, thumbing through a magazine that lists the top track and field marks of the year, he looked at the standings and giggled in anticipation.

"It's sure going to look good being at the top," he said.



Tom Petranoff
 "...I just relaxed."

Pistons and Warriors Choose New Coaches

United Press International

PONTIAC, Michigan — The Detroit Pistons and Golden State Warriors, looking to improve upon their 1982-83 National Basketball Association performances, announced the hiring of new head coaches Tuesday.

The Pistons, who finished with a 37-45 record, announced that Chuck Daly had signed a three-year contract to succeed Scotty Robertson. In San Francisco, the 30-52 Warriors named John Bach to take over for Al Atles, who after 14 seasons recently stepped aside to become the team's general manager.

Strawberry, Met Rookie, Stars in 6-4 Victory

Compiled by Our Staff From Dispatches

NEW YORK — Rookie Darryl Strawberry hit a double and a three-run home run, threw out a runner at the plate and made a game-saving shoestring catch to spark the New York Mets to a 6-4 victory over the San Diego Padres here Tuesday night.

Strawberry, whose first major-

league homer came Monday night, hit a 2-0 fifth-inning pinch-off Tim Lincecum (1-3) after a single by pitcher Tom Seaver (3-2) and a blop double by Hubie Brooks. The blow broke a 2-2 tie.

The lastly right fielder also threw out Alan Wiggins at the plate in the third, when Wiggins tried to score from first base on a double by Gene Richards. And with one out in the ninth and two runners on base, Strawberry made

a running, grass-top catch of Richards' line drive, cutting out off a potential game-winning rally for the Padres.

In Chicago, Leon Durham's two-run home run in the sixth broke a 2-2 tie and gave the Cubs a 4-3 victory over Atlanta. Durham's fifth homer of the year came on a 3-2 pitch off Pascual Perez (5-1), whose nine-game winning streak over two seasons was stopped. Perez had not lost a regular-season game since Sept. 4, 1982, when Montreal beat him, 4-1. Chuck Kneib (4-3) pitched 6½ innings for the victory.

Reds 2, Pirates 1

In Pittsburgh, Gary Rodin had a bases-empty home run and an RBI single and Mario Soto pitched a three-hitter to lead Cincinnati past the Pirates, 2-1. Rodin's sixth homer of the season, with one out in the eighth, came off starter John

Candelaria (3-4) and broke a 1-1 tie. Soto (5-2) walked five and struck out nine in pitching his third complete game of the season. Mike Easter hit a home run for Pittsburgh.

Phillies 2, Giants 1

In Philadelphia, a sacrifice fly by Larry Milbourne and a single by pitcher John Denny accounted for two second-inning runs and carried the Phillies to a 2-1 victory over San Francisco.

Expos 3, Dodgers 2

In Montreal, rookie Bryan Little drew a bases-loaded walk from Tom Niedenfuer with two out in the 15th to help the Expos break a four-game losing streak by edging Los Angeles, 3-2. Dawson started the inning with a single off reliever Steve Howe (2-1) and moved to second on Al Oliver's groundout. Niedenfuer came on to and walked Bobby Ramos and struck out Tim Wallach before Chris Speier reached first on third baseman Pedro Guerrero's second error of the game. Little then walked on a 3-1 pitch to force in Dawson.

Cardinals 8, Astros 4

In St. Louis, Lonnie Smith's two-run double capped a five-run third that enabled the Cardinals to extend their winning streak to six games with an 8-4 decision over Houston.

Rangers 6, Indians 5

In Arlington, Tex., Jim Sundberg doubled to left-center in the 12th to score Larry Parrish from second and give Texas a 6-5 triumph over Cleveland.

Orioles 7, White Sox 2
Orioles 5, White Sox 0

In Baltimore, Leo Hernandez and Rick Dempsey hit back-to-back home runs in the second and rookie Mike Boddicker pitched a five-hitter to lead the Orioles to a 5-0 victory over Chicago and a sweep of a doubleheader. In the 7-2 opener, pinch hitter Gary Roenicke's three-run homer keyed a five-run seventh.

Yankees 7, Tigers 5

In Detroit, Steve Kemp hit a two-run home run with two out in the 11th to lift New York over the Tigers, 7-5.

Brewers 9, Toronto 6

In Milwaukee, Jim Gantner

banged out two doubles and a single. Soto (5-2) walked five and struck out nine in pitching his third complete game of the season. Mike Easter hit a home run for Pittsburgh.

A's 7, Twins 6

In Minneapolis, Jeff Burroughs hit a three-run home run and Bob Kearney added a bases-empty homer to give Oakland rookie Chris Codrill his fourth victory, a 7-6 decision over Minnesota.

Angels 3, Mariners 1

In Seattle, Bruce Kison pitched a five-hitter and Bob Boone drove in the tie-breaking run in the seventh to help California break a three-game losing streak by downing the Mariners, 3-1. The winners' Rod Carew went 3-for-5, raising his batting average to .449, tops in the majors.

Red Sox 4, Royals 1

In Boston, Gary Alenson doubled in two runs in his first at-bat since April 22 and Dave Stapleton added an RBI double as the Red Sox bested Larry Gura and Kansas City, 4-1. Boston won for ninth time in its last 13 games.

Major League Standings

NATIONAL LEAGUE

EAST

Team	W	L	Pct.	GB
Philadelphia	18	12	.450	—
St. Louis	17	13	.563	1
Montreal	16	15	.516	2½
Pittsburgh	12	19	.385	7
Chicago	12	20	.375	7
New York	12	20	.375	7

WEST

Team	W	L	Pct.	GB
Los Angeles	24	18	.571	—
Atlanta	22	12	.646	2
San Francisco	17	17	.500	7
Cincinnati	16	20	.444	9
San Diego	15	20	.429	10
Houston	14	22	.385	11

AMERICAN LEAGUE

EAST

Team	W	L	Pct.	GB
Baltimore	21	13	.618	—
Boston	19	15	.559	—
Toronto	17	12	.583	1½
Chicago	17	17	.500	4
Cleveland	17	17	.500	4
New York	17	17	.500	4
Detroit	14	18	.438	6

WEST

Team	W	L	Pct.	GB
California	19	15	.559	—
Texas	19	15	.559	—
Oakland	17	12	.583	1½
Kansas City	14	17	.447	5
Minnesota	13	21	.385	8
Seattle	12	22	.353	9½

Transition

Baseball

American League

DETROIT — Called up Bill Fisher, catcher, and Jeff Kubiak, infielder, from Everett of the American Association. Sent Sal Bando, catcher, to Everettville. Placed Mike Vukobratovic, an unproven catcher, on the 15-day disabled list.

KANSAS CITY — Announced that owner George Kottelmann has sold 50 percent of the team to Tennessee real-estate developer Arthur B. Fendall.

NEW YORK — Placed Butch Wynegar, catcher, on the 15-day disabled list. Called up

Juan Espinoza, catcher, from Columbus of the International League.

SEATTLE — Called up Rich Nelson, outfielder, from Salt Lake of the Pacific Coast League. Continued Jim Nelson, first baseman, to Salt Lake.

NATIONAL LEAGUE

ATLANTA — Sent Rickie Linder, pitcher, to Richmond of the International League. Recalled Donnie Moore, pitcher, from Richmond.

LOS ANGELES — Recalled Dave Secor, coach, from Albuquerque of the Pacific Coast League. Placed Mike Schuele, catcher, on the 15-day disabled list.

NEW YORK — Activated Dan Butler, infielder, from the 15-day disabled list. Recalled Jeff Burroughs, infielder, from the 15-day disabled list.

PHILADELPHIA — Called up Kiko Garcia, infielder, from Portland of the Pacific Coast League. Gave Dave Roberts, infielder-outfielder, his unconditional release.

ART BUCHWALD

Becoming President

WASHINGTON — A young man asked me an interesting question the other day.

"Is it true that anyone born in the United States can grow up and be president of the United States?"

"Yes, son," I replied. "Providing he can raise enough money to run in the primaries."

"Do you need lots of money?"

"You need lots of money just to run for Congress. But you need millions of dollars to even try for the Rose Garden."

"How do you get the money?" he asked.

"Well, first you meet in hotel suites with lobbyists and corporate dining rooms with chief executives, and you tell them what they want to hear, and hope they'll give you the money so you can become president of the United States."

"Do they give you all the money?"

"No, each one is only allowed to give \$1,000 for himself, and \$1,000 for his wife. But so many guys are splitting up these days, that you can't count on the \$1,000 from the wife."

"If each person can only give \$1,000, doesn't the person who wants to be president have to see a lot of people?"

"You're not meeting in hotel suites, and corporate board rooms and golf courses to get \$1,000. You're talking to people who will make a lot of telephone calls to other people who have \$1,000. And they're hoping he or she can get those people to make calls to their friends and so on."

"What does the person who makes the calls say to his friends?"

"Archie Daniloff, sir."

"Well, what you hope for is that one of the people you talk to will call up a friend and say, 'A small group of us met with Archie Daniloff last night and he thinks the way we do.'"

"How do they know I think the way they do?"

"Because you told them the night before. Suppose you met with the sulfur-burning coal guys. Before the meeting your political manager would brief you on where you stand on coal, so your position squares with theirs."

"Suppose I felt different than they did?"

"Then you shouldn't meet with them in the first place, because you can't waste valuable time trying to get money from people you don't agree with. You've got just so much time to raise the dough, and if you agree to meet with the coal people you have the choice of either telling them that you support their position, or at least making them think you do."

"When do I talk to the voters?"

"Much later, after you've raised the money from the political action committees. They're becoming more and more important, because they cannot only give you money from their kitties, but they can also put out the word to their supporters to send you checks on their own. PAC money is now becoming the infant-formula of politics."

"After I get the money from the PAC people do I talk about the things I believe in?"

"No, you still have to wait until you do a large direct mail advertising campaign asking for funds."

"How do I do that?"

"You take the money you raised from the fat cats and political action committees and turn it over to a direct mail house, who specializes in political fund raising."

"What do I say in the letter?"

"You say you are the best qualified person to be president of the United States. But you can't do it without the support of the little people who are tired of special interest groups and all the big guys who want to buy your vote. That's why you're appealing by mail to them. You can't restore the American dream without their contribution, no matter how small it might be. The mailing could cost you \$2 million, but with any luck you'll get back \$5 million, which will then make you eligible for matching funds from the government to get your campaign under way."

"Are you sure any young person can grow up to be president of the United States?"

"Of course, Archie, as long as you have the stomach for raising the money."

The American Cowboy

By Michael Kernan

Washington Post Service

WASHINGTON — The high point, they say, was on a summer day in 1883 when a cowboy named Teddy Blue Abbott, looking for strays on a cattle drive, came over a rise near the North Platte and saw seven herds behind his own, eight men in front and in the distance, as far as he could see, towers of dust raised by 13 other herds.

"It looked, he said, as if all the cattle in the world were coming up from Texas."

The words belong to Lonn Taylor, who is guest curator of a magnificent show at the Library of Congress: "The American Cowboy." It will be there until Oct. 2, then move to San Antonio, Texas; Denver, Calgary, Alberta, and San Jose, California.

It has old photos, Frederic Remington paintings and sculptures, spurs and saddles and Will Rogers's lariat and a real chuck wagon with coffee-cup rings still staining the wood boards.

It has movie posters; a video talk by Clint Eastwood; William S. Hart, the Old Man of the West, recorded songs; a 50s Nautalgie druggery booth with juke box feeder; cowboy commercials from turn-of-the-century Cream of Wheat ads (printed by N.C. Wyeth) to the Marlboro Man and a Ralph Lauren cologne called Chaps; films of modern ranching with helicopter and pickup; manuscript pages from "The Virginian"; and Buffalo Bill and Tom Mix and John Wayne and Roy Rogers and — with a beer belly you would never see on his precursors — a statue of a cowboy, done with chainsaw and house

Aspects of the myth and the reality of the American cowboy: Cattle drive photographed in 1910 (top); "The Victor's Prize" (right), illustration for a novel; "21" branding iron registered in Texas in 1874.



Dakota Historical Society

paints by Lionel Adams in 1979. It covers five phases: the original riders of the open range; the romantics, inspired by Remington, Theodore Roosevelt and novelist Owen Wister; the entertainers, from Buffalo Bill to the movie heroes; the mythic figures of ads and TV commercials promoting a world of purchased leisure that cowpokes never knew; and — "meanwhile, back at the ranch" — the modern reality.

It is the early reality of cowboy life that will stop most viewers in their tracks. There are no gun-slingers here, just hard-working men — a third of them black or Mexican, belying the all-white Hollywood image. A series of photos by Erwin E. Smith, circa 1910, catches the look of those men, lean and hard-bellied in

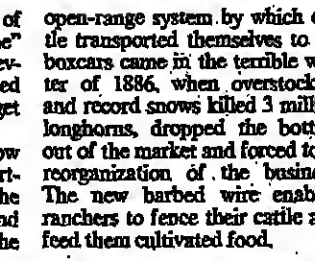
their denim shirts, already beginning to imitate their own legend with the rakish hats and the dangling hand-rolled cigarettes.

"Ten years of hard riding was about all the human body could take," Taylor writes in the catalog. He quotes an old-timer: "Some of my experiences were going hungry, getting wet and cold, riding sore-backed horses, going to sleep on hard and losing cattle, getting cussed by the boss, scouting for graybacks [lice], trying the sick racket now and then to get a night's sleep . . . but all of these things were forgotten when we delivered the herd and started back to grand old Texas. . . . I always had the 'big time' when I arrived in San Antonio, signed out with a pair of high-heeled boots and striped

pants and about \$6.30 worth of other clothes. This "big time" would last but a few days, however, for I would soon be busted and have to borrow money to get out to the ranch."

What is most surprising is how brief this faded era was. It started after the Civil War, with the development of the railroads and meat refrigeration. The end of the

open-range system by which cattle transported themselves to the boxcars came in the terrible winter of 1886, when overstocking and record snows killed 3 million longhorns, dropped the bottom out of the market and forced total reorganization of the business. The new barbed wire enabled ranchers to fence their cattle and feed them cultivated food.



Gay Savings, for Project's magazine

PEOPLE

Would Sink Cruiser Again, Briton Says

The captain of the British submarine that sank the Argentine cruiser General Belgrano with a reported loss of 321 lives in last year's Falklands war is quoted in a book published Thursday that he had regrets but would do it again if he had to. Commander Christopher Wreghitt-Brown said in the book "Our Falklands War" that the cruiser posed a threat to the British naval task force in the area and was sunk to save British lives. Wreghitt-Brown's submarine, HMS Conqueror, sank the 13,645-ton General Belgrano with two torpedoes on May 2 of last year. The heavy loss of life aboard Argentina's sole cruiser and the fact the sinking occurred outside the 200-mile war zone Britain had declared around the Falkland Islands brought widespread condemnation of Britain. Wreghitt-Brown was quoted in the book by the journalist Geoffrey Underwood as saying cheers went up in the submarine as the crew heard the explosions. "Afterwards, I had a certain amount of regret about the loss of life. I did not know the numbers involved, but one presumed it was considerable." A total of 712 Argentines and 255 Britons died in the 74-day undeclared war over the disputed sovereignty of the South Atlantic islands.

Press Secretary James Brady, wounded in the 1981 assassination attempt on President Ronald Reagan, has been named U.S. Father of the Year. The National Father's Day Committee honored Brady and nine other fathers in a ceremony in New York attended by about 1,000 people. Brady was commended for his courage and conviction. The press secretary, who has two children, was shot in the head during the attempted assassination.

Columbia College in New York presented philosopher Mortimer Adler the bachelor's degree it denied him 60 years ago because he flunked a gym class. Adler, 80, considered one of the 20th century's great thinkers, holds a doctorate, has written 30 books, and has taught at Columbia and other universities. The degree had been withheld because Adler failed the swimming test — which is still required for graduation from the university. The philosopher has since learned to swim but was not asked to prove it.

U.K. Tourism Earnings

The Associated Press

LONDON — Tourism in Britain earned the country more than \$4 billion (\$6.2 billion) in foreign currency last year, British Tourist Authority Chairman Sir Henry Marking said Tuesday.

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